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## Tanzania: Trust is good, so is control

*Richard Gerster\**

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Development cooperation is based on trust, but also on control. This is particularly true for budget support, when, as is the case in Tanzania, a group of 14 donors, among them Switzerland, is co-financing the state budget with some 717 million US dollars per year. In return, the government commits itself to implement its poverty reduction strategy "Mkukuta". Government and donors agree on a performance assessment framework which is the measure of success. Budget support is no blank check and the population understands the international donors' demanding attitude. One can hear comments such as: "If people are stealing money, why should donors feed them?"



*The twin towers of Tanzania's central bank have become a symbol for corruption scandals.*

### ***The fight against corruption***

In the last few years, various allegations of corruption have caused a great stir. President Jakaya Kikwete, who was elected in 2005, assigns high priority to the fight against corruption. Not the only case, but a very prominent one, was the abuse of an external payments account in Tanzania's Central Bank. An independent audit by Ernst & Young commissioned by the government found that payments of some 100 million dollars (113 bn TSh) were based on

forged documents or took place in spite of missing documentation (see separate interview). First public rumours surfaced on the Internet. The opposition in parliament took up the topic and was initially reproached: "This is not the place to heat up rumours from the Internet!" – until also members of parliament from the governing party demanded an investigation. That is how parliament legitimised a public discussion which was fed by the media with growing intensity (see separate article). This never happened before. The central bank's Governor was dismissed and the Minister of Finance had to leave her job. The Prime Minister resigned because of another corruption affair. "The social dynamic was clearly on the media's, parliament's and civil society's side", assesses Semkae Kilonzo from the independent Policy Forum. In other words: the donors discreetly stayed in the back, even if not totally inactive.

Obviously internal control mechanisms failed. This fact caused concern among the donors as they saw the regular use of their budget support contributions at risk. They became active, but they did not unilaterally list new conditions. "To unilaterally introduce new disbursement conditions would have been like moving the goal post during a soccer game", says Adrian Schläpfer, Switzerland's ambassador to Tanzania who had to hurry to a crisis meeting on the first day after his arrival in the country. Rather the government elaborated an action plan based on Ernst & Young's report of December 2007 in order to address the systemic weaknesses. The donors made the implementation of this action plan – in addition to the agreed performance assessment framework – a condition for their continued provision of budget support. Monthly meetings at the highest level (with the Minister of Finance) ensued. The government acted swiftly and in a decisive manner. Stealing is a crime and paying back alone is not sufficient, otherwise people say that small



*Alphabetisation and basic education are two of the preconditions in order to reduce fraud and corruption.*

thieves are thrown into prison, but big ones can pay back.

“Avenge large scale cases of corruption is not the end of the tunnel. When it comes to corruption what is needed is a broad based change of opinion in the population”, says Nick Brown, team leader in the health ministry. However, the debate about large scale corruption has strengthened the public’s sensibility and its demand for integrity among its leaders. Because the simple people’s attitude has changed significantly due to these cases of corruption. “While they used to have a vision of themselves sitting in the cockpit and taking the opportunity to rip off people, they now say: ‘This is our money and we want to know what you do with it!’” describes Semkae Kilonzo the change in public opinion. However, the number of prosecutions and convictions because of corruption still remains low, which is why the fight against corruption and the abuse of power continues to have high priority for the budget support donors.

### ***The donors’ balancing act***

Budget support is faced with a dilemma. On the one hand it is legitimate for the do-

nors to ask for accountability when it comes to the use of their money. On the other hand it is the citizen’s business to judge their government’s doings. Foreign donors cannot replace Tanzanian “watch-dogs”. This is why the fundamental agreement for budget support, the Partnership Framework Memorandum, explicitly includes “shifting accountability from donors to citizens” among its goals. “When ambassadors stand up and praise the government for ‘fighting corruption’ they are usurping the right of Tanzanians to deal with their government. Let them confine themselves to their jobs”, said Professor Issa Shivji on the occasion of his discharge as President of the Media Council. To publicly criticise or applaud the government is the citizen’s prerogative. The danger that foreign donors praise the government for progress and thereby withdrawing the ground for unhappy Tanzanians’ criticisms lurks in the background. If, conversely, donors publicly criticise the government they make local critics seem remote-controlled or at least abetting this allegation.

Is the government neglecting its duty for accountability towards its own people in favour of the international donors? “We have noticed remarkable differences in the way

the government renders accountability towards the donors compared to its reports to parliament”, says Irenei Kiria, Executive Director of a non-governmental organisation (NGO) called Youth Action Volunteers. Or in the words of Semkae Kilonzo: “The government is much more likely to make the donors happy, while civil society organisations are punished for being too vocal.” Punishing means hindered access to information and repeated visits by the government’s accounting auditors. This behaviour is not in line with the spirit of governance criteria which are agreed upon in the budget support’s performance assessment framework.

Civil society is quick to utter the accusation of an “exclusive donor club”. “In 2007 we were only invited for the opening and closing of the annual budget support conference. That was very frustrating. The 2008 annual meeting was a little more open and we were represented in some select working groups. However, we only received the documents the day before which made internal consultation impossible and the mobilisation of one’s own experts even more difficult.” Along with their assessment of the 2008 annual conference the NGOs also make their own proposals: First of all,

budget transparency is a precondition for effective participation and in the context of the assessment framework the government should ensure timely access to all documents relevant to the budget process. Secondly, recommendations made by working groups often remain without consequences, which is why the assessment framework should specify that at least 50 percent of all recommendations made in public dialogue fora should be implemented. Such concrete proposals by civil society bear testimony to a new quality of participation.

For Switzerland it is important to motivate Tanzanian citizens to exercise their rights. It is not a coincidence that Switzerland held the co-chair in the Accountable Governance Cluster Working Group for several years. Together with other donors Switzerland supports civil society actors in their efforts to demand accountability from the government through a variety of channels. On one hand it finances a media fund which notably wants to promote independent investigative journalism (see separate article). On the other hand it augmented a fund for civil society which in turn provides hundreds of specific contributions. In addition, Switzerland actively provides targeted



*When it comes to all their doings, the government is accountable to its population.*

contributions to select organisations. These include the Policy Forum, and the Youth Action Volunteers,. Another NGO, Agenda Participation 2000, took the initiative to set up a specialised data bank for corruption cases in Tanzania in view of a publicly accessible electronic archive, to publish an updated newsletter to be sent to interested parties as well as to engage in the dialogue between administration, parliament and the public when it comes to issues of corruption. Together with Finland Switzerland made these actions possible with a contribution for a year long pilot phase. All these engagements at the level of civil society increase accountability in use of budget support.

### **Parliament: How can the government be kept in check?**

Since its independence in 1961, Tanzania has had a long history of a one party system and the executive's dominance. The first multi-party elections took place in 1995. The Party of Revolution (in Swahili: Chama Cha Mapinduzi, CCM) still holds the majority seats (206 of the current 232) in parliament. The government expects parliament to support its proposals. The voting public hopes for more wealth. In this context it is not always easy for the representatives to develop initiative as legislators, to effectively monitor the government and to establish themselves as independent team-mates. Parliament cannot change the budget, it can only approve or reject it. A rejection has wide sweeping consequences: In this case the constitution assigns the president with the power of dissolving parliament and call for new elections.

Because the budget cannot be changed by parliament, effective influence has to be exerted at an early stage of its elaboration. Civil society organisations are therefore increasingly active in budgetary questions at the level of parliament. NGOs are analysing the government's budget and are lobbying for specific concerns. NGOs have not only written a popular explanation of the budget and the budget process, but also offered further education to interested parliamentarians including the question of how



*"Say no to corruption!" demands the anti-corruption agency.*

parliamentary instruments can be used to hold ministers accountable. The Policy Forum and other independent organisations are in the process of establishing a strategic partnership with parliament. An important basis for civil society's and parliament's work are the reports of the independent financial audit of the annual state budget. Considerable progress has been achieved. The reports are drawn up in a professional manner, go into details and are referred to parliament in a timely manner. Internal audits as well as a lack of transparency in public procurement are considered to be weaknesses in public finance management.

Not only civil society but also budget support donors are looking for a direct cooperation with the responsible parliamentary committees in order to improve information about budget support and strengthen the committees' supervisory role. For example more than 20 percent of the government's expenses are executed by the communities. The Local Authority Accounts Committee, LAAC, is under parliamentary control. The World Bank has now financed on-site inspections by the committee members in nine regions as well as a public meeting for their evaluation. The visits have shown that written reports are often glossing over the local situation. Financial management and control are considerably weaker at the level of districts and communities and more open to abuse than at the national level. 90 percent of the local budgets are financed by transfers from the centre. "Since 2001 we hear complaints that the money from the finance ministry does not arrive on time to the Regions/District Councils. Nothing

has changed. Budget support has many potential advantages, but in this respect it has failed up to now”, says Rose Aiko from the Swiss cooperation office. Technical improvements are not enough. What is needed are a local demand for the authorities’ accountability.

As the most recent survey “Afrobarometer 2008” has shown, 1200 people said that they were happy with the way democracy functions in Tanzania. This is a marked improvement compared to 2005. Particularly trust in President Jakaya Kikwete is high. State institutions, including parliament, are not considered to be particularly corrupt. The interviewees have identified room for improvement namely in the judicial system, the police and tax authorities. Discontent is higher in the economic sector when it comes to employment opportunities and income. When he took office as Tanzania’s President, Jakaya Kikwete has promised:

“My government will be guided by good governance, transparency and accountability.” The practical implementation of these principles remains decisive for an effective fight against corruption and therefore also for the success of budget support.



*Those who have to work hard every day have no appreciation for large scale corruption.*

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