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Fulfilling Democratic Ownership: the Case of Tanzania

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This Policy brief is part of a set of policy briefs on Democratic Ownership prepared by the Alliance2015 towards the High Level Forum in Busan in 2011. The policy briefs analyse progress towards democratic ownership, particularly civil society space and participation in policy and aid dialogues in Ghana, Tanzania, Mozambique, Cambodia and Nicaragua.

Fulfilling Democratic Ownership: the Case of Tanzania

1. Introduction

In 2008 developing countries together with bilateral and multilateral donors endorsed the Accra Agenda for Action (AAA), building on the Paris Declaration (PD). In essence, countries committed themselves to eradicating poverty and promoting peace and prosperity by building stronger, more effective partnerships that enable developing countries to realise their development goals.

The AAA also set a precedent by recognising the role of Civil Society Organisations (CSOs) and Parliament in development processes. This resulted in a new and much broader concept of ownership: democratic ownership. This country brief assesses the progress made since Accra on the implementation of democratic ownership in Tanzania. It is part of a broader report conducted by an independent expert from Research and Poverty Alleviation (REPOA) to address the issue and commissioned by Concern Worldwide in Tanzania as a member of Alliance2015.¹

2. An enabling environment for civil society

In Tanzania, CSOs operate in a relatively favourable environment. Organisations are able to challenge official positions and develop their own policy proposals which, if backed by evidence, have a chance of influencing policies. Nonetheless, CSOs face a number of regulatory and operational challenges which constrain their activities.

Most CSOs are governed by a very restrictive piece of legislation, the Societies Ordinance of 1954. This Ordinance was passed by the British colonial government in order to curtail the demand for independence by Africans. The Societies Ordinance allows a Minister to revoke the license of any CSO at his/her own will. In order to circumvent this problem, most CSOs now register under the Company Act of 2002 that guarantees a stronger legal status.

In terms of funding, the recent broadening of CSOs' focus from service delivery to advocacy and policy work has had important implications for CSOs. With the exception of activities related to the general elections, there is limited evidence that CSOs receive funding from the Government to conduct advocacy and awareness raising. In practice, these activities are primarily funded by donors. The problem is that this situation has increased mistrust between CSOs and the Government, which considers that CSOs are carrying out a foreign agenda.

In addition, donors usually have specific requirements when supporting CSOs - in terms of professional skills, capacity and financial management. As a consequence, most funds end up in the hands of bigger national and international CSOs. This reinforces organisations at national level, but does not contribute to the involvement of regional and local organisations

¹ Fulfilling Democratic Ownership Commitments on Aid Effectiveness: The Case of Tanzania. Country report. January 2011. Prepared by Dr. Damian M. Gabagambi, Research on Poverty Alleviation (REPOA)

in policy work, which creates a disconnect between national and regional/local CSOs. To compensate for this, there have been some efforts to create networks of CSOs, including local and regional representation. Nonetheless, the strong centralisation of CSOs still poses some challenges as it does not encourage bottom-up processes and country-wide participation in consultation processes.

3. Ownership, Accountability and Participation

In order to increase ownership, accountability and participation, the Government of Tanzania in collaboration with donors developed a dialogue structure around the National Strategy for Growth and Reduction of Poverty (MKUKUTA), the public expenditure review (PER) and general budget support. At first, the structure was criticised for increasing transaction costs, its lack of accountability and duplication of activities. Recently, a new and improved dialogue structure has been introduced, which includes streamlined and clearer lines of consultation. Unfortunately, neither of the two structures is very clear about how national development processes will be discussed at regional and district level and both fail to allocate any resources to conduct these consultations. This could represent an obstacle in Tanzania's efforts to increase democratic ownership.

A working paper by the International Institute of Social Studies released in early 2010 has explored the issue of CSO engagement in a comprehensive manner.² The report indicates that the expansion of CSO participation in policy processes has not resulted in more meaningful engagement. In fact, participation in policy processes has largely been reduced to consultation to serve certain dominant interests. This conclusion is supported by the views of stakeholders interviewed during research for this brief.³ It could be argued that the Government's interest in civil society participation is merely to show that civil society has sanctioned the decisions taken in meetings by virtue of its presence. In fact, reports of 'being participated' are expressed in cases where decisions between Government and donors were already agreed upon before the actual participatory meetings to which representatives of civil society were invited. The presence of civil society members is thus perceived as mere 'window dressing' to meet a donor's requirement in terms of CSO participation and to satisfy the various stakeholders.

In practice, it has been observed that participation of CSOs in aid effectiveness processes has been rather weak, with the exception of a few CSOs based in or around Dar es Salaam. Participation of CSOs at consultative meetings is in most cases by invitation from the Government but at the CSOs' own cost. Because of this, CSOs located upcountry, usually with lower financial resources, fail to attend the meetings. The problems of participation are no surprise and the Government admits that CSOs are tangentially involved in aid processes.

² Davidson, R. (2010) Framing and Claiming Reproductive Rights: A Case Study of Civil Society Actors in Tanzania. ISS Research Paper 2010-02, The Power of Civil Society Working Paper Series volume 2

³ See endnote 1

An important obstacle when it comes to increasing CSO participation in policy-making is the Government's perception of advocacy-focused CSOs. While service-delivery CSOs are highly regarded by Government officials because of their important contribution towards development, CSOs who do advocacy are often put on an equal footing with opposition political parties. Sometimes, the Government believes they are even funded by political adversaries. The reason for this is that advocacy-focused CSOs usually criticise the Government. However, the truth is that the nature of these CSOs is to propose evidence-based policy alternatives with the aim of promoting accountability and improving development efforts. Advocacy-focused CSOs are key democratic actors and have an important role to play in advancing the aid effectiveness agenda and democratic ownership around the world.

Parliament and local communities, two important pillars of democratic ownership, are not fully involved in aid and development policy formulation. The Parliament considers aid issues to be the responsibility of the Government as an independent pillar of the state. In general, the Parliament does not have enough experience or information on what priorities drive the Government in acquiring aid/loans. It was also observed that there is no formal mechanism for feedback to the citizen in relation to aid issues apart from discussions in the Parliament. In other words, there are no mechanisms/structures at local level for communities to demand feedback from a Member of Parliament. Unless the information is given through the media or during project design and implementation, citizens are not able to participate in development processes through democratic channels.

3. Transparency in Aid Disbursement and Financial Management

Despite their commitments, donors are failing to fulfil their commitments to increase predictability and improve information about their future aid flows. Overall predictability, measured as the difference between donors' commitment and actual disbursements, has not improved since 2008. Moreover, most aid disbursements outside the budget support aid modality are not captured in the budget. The lack of predictability makes it very difficult for the Government to plan and prevents it from maximizing the impact of aid.

Donors are making more progress in using country systems. In line with the PD and AAA commitments, donors are increasing the amount of aid they provide as budget support. In the financial year 2008/2009 budget support amounted to 40% of official aid. Aid management is now guided by the Joint Assistance Strategy (JAST) developed together by the Government and donors in order to enhance aid effectiveness at country level. In addition, the Government has made adjustments at the local level to ensure that resources are better aligned with national priorities. To this end, the Government has recently approved the MKUKUTA II, which has a greater focus on pro-poor and inclusive growth, co-ordination in implementing actions, equity and quality of service delivery, the business climate and implementation of the core reform programs. Resources have been increased in the priority sectors, namely: education, infrastructure, health and agriculture. In the 2010/11 budget these four sectors account for almost 50% of the entire budget.

Nonetheless, there seems to be some predictability problems when it comes to budget support. While donors assert that funds are released in a timely fashion, both the Ministry of Agriculture Food Security and Cooperatives and the Prime Minister's Office Regional Administration and Local Government judge the timing of disbursements to be an ongoing problem. The money is supposed to be available soon after the budget execution guidelines are approved (usually a month after the annual budget session), but funds are normally released some months later. While this delay may not seem very severe, it is a big problem when the Government has to cover recurrent costs like wages in important sectors such as education and health or seasonally sensitive sectors like agriculture.

Another important development which could have consequences in the way aid is delivered in Tanzania is that some donors seem to be disenchanted with the budget support modality. When General Budget Support (GBS) was introduced in Tanzania, donors led by the UK's Department for International Cooperation, the African Development Bank (AfDB), the World Bank (WB) and the European Union (EU) expected that it would be easy to observe deliverables and follow closely what the Government was doing through joint performance monitoring and evaluation missions. Over time they have come to realise that it is increasingly difficult to track Government expenditure with any level of certainty. In addition, with GBS there is a loss of 'branding' of aid flows as only a few donors –usually those whose contribution in terms of resources and expertise is substantial- assume the chairmanship of the group and have a clear voice at dialogue and consultative meetings. This is not always viewed favourably by smaller donors who see their role and prominence undermined. Donors, however, should not be concerned about their 'image'. Fighting poverty and inequality should always come first and budget support has the potential to make a significant impact by increasing ownership and harmonization of aid flows.

4. Conditionality

Existing evidence suggests that conditionality related to aid disbursements has been significantly reduced in the case of Tanzania. However, the Government still needs to fulfil a number of requirements before additional funds can be released. In the case of budget support, conditions are set down within the performance assessment framework (PAF) annexed to the JAST.⁴ The PAF is based on two main pillars, a first set of conditions linked to national development policies such as the MKUKUTA and the achievement of specific development outcomes. The second set is directly linked to Tanzania's agreements with international financial institutions such as the World Bank's Poverty Reduction Strategy Paper and the IMF's Poverty Reduction and Growth Facility. More specifically, this second set of conditions relates to national systems, such as the procurement system, and more general economic indicators such as inflation and fiscal deficit.

In practice, donors decide their GBS funding levels after assessing the Government's performance in implementing the PAF. If the Government's performance over the preceding

⁴ Ministry of Finance (2006) Partnership Framework Memorandum Governing General Budget Support (GBS) for Implementation of MKUKUTA

year is inadequate, donors can penalise the Government by reducing the amount of aid to be disbursed. While the use of indicators to evaluate the impact of budget support can be justified, especially when they are based on the achievement of specific development and poverty reduction goals, the use of agreements with international financial institutions raises some concerns. As pointed out by Eurodad in several reports,⁵ institutions such as the IMF and WB continue imposing, through their agreements with recipient countries, stringent fiscal policies and structural reforms which can be deemed controversial, if not inadequate in some country contexts. The link between the PAF and the agreements of Tanzania with the WB and IMF mean that the use of budget support is being heavily influenced, at the very least, by the fulfilment of such agreements.

Another important problem is that by linking the PAF to other agreements it is very difficult to find out the precise conditions being applied. On many occasions, the IMF's conditions, for instance, are not included in the loan agreement, but in several different side documents which are not always easy to access. Donors have committed to "regularly make public all conditions linked to disbursements",⁶ but it is clear that transparency has not increased when it comes to conditionality.

For donors outside the budget support group, such as the African Development Bank, the main points of reference are the successful implementation of the bank's medium-term financing strategy for the country, the MKUKUTA and other national priorities.

5. Conclusions and recommendations

Tanzania has made significant progress towards democratic ownership, but making it the centre of development processes, as well as fulfilling other AAA commitments, have to be seen as processes requiring commitment and consistency. Tanzania has taken the first steps but in order to succeed it still needs to deliver in the long term. The following lessons, summarising the experience of Tanzania, are intended to help foster future progress towards true democratic ownership.

- At the macro-level, democratic ownership structures have been established and CSOs are formally involved in dialogue at national level. Unfortunately neither the previous nor the current dialogue structures set out a clear strategy for local and regional participation. This weakens progress towards genuine ownership of development processes as the main beneficiaries of aid and development policies are involved in neither the planning nor the implementation stages.
- Without a bottom-up approach to development it is not possible to maximize development results. CSOs are key actors in this process and without strong organisations it is not possible to make comprehensive progress towards democratic

⁵ Eurodad (2010) Conditionality in World Bank crisis-lending to Ghana. Eurodad, Brussels

Eurodad (2009) Bail-out or blow-out? IMF policy advice and conditions for low-income countries at a time of crisis. Eurodad, Brussels

⁶ See the Accra Agenda for Action, para. 25

ownership. While Tanzanian CSOs might be strong at national level (in term of analysis and ability to lobby and engage), at the local level they are still very weak and unable to participate in existing dialogue spaces.

- In addition to internal and structural challenges the role of CSOs is further undermined by the Government. It is preventing CSOs from fulfilling their democratic role by considering advocacy-based organisation as political adversaries and not allowing their meaningful participation in policy-making.
- Parliament, an essential democratic institution, is barely involved in aid processes in Tanzania and its links to local constituencies are very weak. The discussions during budget sessions might be more meaningful if parliamentary committees had mechanisms to provide feedback to their constituencies in a manner that would activate further collaboration. This would also empower local communities and allow them to have a say in national policies.
- Donor countries have made an important contribution to democratic processes in Tanzania. Their role has been especially helpful in supporting civil society and increasing ownership through budget support.

Based on these lessons and the analysis performed in this country brief, development actors are encouraged to continue to progress towards greater democratic ownership by considering the following recommendations.

Government:

- Increase the transparency of aid acquisition at each stage by ensuring that aid is demand driven in the eyes of the wider public.
- Reform the existing dialogue structure to ensure that local communities can voice their views at district and regional levels. Involving CSOs and the private sector at local level is essential in order to maximize the outcomes of national development policies.
- Set aside funds to support capacity building for CSOs. These organisations are essential in order to promote democratic bottom-up approaches and to achieve democratic ownership.
- Create a better environment for further CSO engagement by removing regulatory barriers and by ensuring full participation of advocacy focused CSOs in development processes.

Donors:

- Be transparent about any conditions attached to aid money and make sure they are relevant to the achievement of development outcomes. Avoid conditions imposed by international financial institutions which do not have a proven positive impact on development outcomes.

- Improve aid predictability and begin disbursing budget support funds at an earlier stage, so that the budget can be progressively executed throughout the full financial year.
- Continue using and expanding budget support extensively, as it truly contributes to increasing ownership of development processes. Any 'losses' in terms of visibility and branding from the donor perspective are clearly offset by the benefits of using this approach.
- Improve financial accountability in order to increase aid effectiveness. This could be achieved, for instance, by strengthening the capacity of CSOs in research, budget and policy analysis.
- Continue providing funds to CSOs, with special emphasis on strengthening local CSOs so that they can effectively engage in influencing policy decisions.

CSOs and Parliament:

- CSOs should have a sound economic and political analysis when reporting on aid and development outcomes. They can only create pressure from an informed position.
- It is also important that CSOs are accountable to their constituencies and make sure they use their resources wisely.
- The Parliament needs to create pressure and share information in their constituencies. They should aim to empower civil society engagement in development process by sharing user friendly information.
- Sectoral parliamentary committees should seek to be engaged in the whole process of aid acquisition, priority setting and resource allocation, performance and feedback. At the moment the committees are mainly involved in resource allocation.