ROYAL DANISH MINISTRY OF FOREIGN AFFAIRS

REPORT OF THE GROUP OF INDEPENDENT ADVISERS ON DEVELOPMENT COOPERATION ISSUES BETWEEN TANZANIA AND ITS AID DONORS

Group Members

Gerald K. Helleiner (Chairman)

Tony Killick

Nguyuru Lipumba

Benno J. Ndulu

Knud Erik Svendsen

June 1995

TABLE OF CONTENTS

PREFACE

The Group of Independent Advisers on Development cooperation Issues between Tanzania and its Aid Donors was formed in mid-1994 at the initiative of the Ministry of foreign Affairs of the government of Denmark. The final membership of the group was as follows: Gerald K. Helleiner (Chairman), Department of Economics, University of Toronto; Tony Killick, Overseas Development institute, London; Benno J. Ndulu, African Economic research Consortium and University of Dar es Salaam; and Knud Erik Svendsen, center for Development Research, Copenhagen. Its original membership included John F. Toye of the Institute of Development studies, University of Sussex, who was forced to withdraw because of other commitments early in 1995 and was replaced by Tony Killick.

The terms of reference agreed between the Government of Denmark and the government of Tanzania were as follows:

I. The general objective of the task of the group will be to assess whether the development cooperation between the Government of Tanzania (GOT) and the official donor organizations could be strengthened in order to realize the economic and social development objectives agreed between GOT and the donor community in the best possible way.

II. Based on frank and open discussions with representatives of the GOT and major donors, and perhaps other sources of information as well, the group is invited to form its own independent views on how cooperation efforts could be made more efficient.

Particular attention should be given to constraints which in the opinion of the group could be reduced or removed by GOT, the donors, or by the partners in common.

III. As a minimum the assessment shall address the following issues:

1. The efficiency and relevance of the current dialogue between GOT and donor community regularly taking place both inside and outside Tanzania.

2. The relevance and effectiveness of the totality of aid programmes, including the modes, composition and administration of cooperation (programme aid, project aid, technical assistance, etc.); conditionalities; donor cooperation; absorption capacity of the Tanzanian economy and the institutions through which the aid is channeled; problems of accountability.

In the assessment of the issues under (1) and (2) above, the group shall consider the should be understood, in the Tanzanian situation, by the concept of 'ownership', now widely accepted as a cornerstone in the relationships between African countries and their donors.

At the end of the assignment, the group shall produce a report for the GOT and its official donors which contains the group's proposals.

The full group met for two days in Copenhagen in September 1994, two days in Washington, DC in November 1994, seven days in Dar es Salaam in March-April 1995, and again for another day in Washington in May 1995. Subgroups of its members also met with individual donors and attended the Tanzania consultative Group meeting in Paris in February 1995.

The report is unanimous. Each member of the group assumes full responsibility for the entire text.

We should like to thank all those who gave us their time and their thoughts. We were honoured by the honesty and frankness with which we were received both within the Government of Tanzania and throughout the donor community. We should particularly like to thank Fulgence Kazaura, secretary of the planning commission, and Dr Enos S. Bukuku, of the prime Minister's office, for their facilitation of our contacts and discussions with officials of the Government of Tanzania. We are also most grateful to Ole Moelgaard Andersen, Mark Jensen and Ambassador Flemming Bjoerk Pedersen, of the Government of Denmark, without whom this effort would not have been possible. We hope that all those who contributed to our efforts will conclude that their assistance was justified.

I. THE CRISIS IN AID RELATIONSHIPS IN TANZANIA

The backgro und to the crisis

During the course of the past year and a half, relations between the Government of Tanzania (GOT) and its principal sources of external official finance have seriously deteriorated. The prospects for continuing economic, social and political progress in Tanzania are continuing economic, social; and political in Tanzania are now clouded by an unprecedented degree of tension between the GOT and its principal aid donors.

The recent difficulties are seen by many to originate with the longstanding failure of the GOT to collect, as agreed, all of the counterpart funds arising from donors' import support programmes. These arrears, which generated suspicions of corruption and have still not been fully dealt with, have been and important and continuing irritant to donors. Following the disappointing fiscal performance in the 1993/94 fiscal year, which led to the setting up of an IMF 'shadow' programme in the first half of 1994, Tanzania's aggravated at a tense meeting between donors and the finance minister in March 1994. Donors increasingly expressed longer-term disillusion. Their intensified concern about the effectiveness of aid to Tanzania was manifest in a series of substantial a evaluations by the Nordic which were initiated and completed in 1994 and discussed at a major conference in Dar es Salaam in January 1995. Our independent group on aid relationships was appointed in mid-1994.

Since then, elements of these relationships have become even more strained. Events came to ahead in November 1994, at which time the newly introduce systems of information collection and disclosure generated information on tax performance and tax evasion which, in the light of previous government commitments, was sufficiently alarming to lead to a major presidential statement, the replacement of the Finance Minister, and the postponement of a planned meeting of the donor consultative Group. Plans for an ESAF programme with the IMF and a Would Bank structural adjustment credit, based on an already agreed polic y framework paper, both of which were at an advanced stage of preparation, were put 'on hold'. The principal donors responded by suspending their non-project finance.

The donor consultative group finally met in late February 1995, at which time donors expressed their unhappiness with Tanzania's performance in unprecedented terms. Many spoke of the loss of the previous; climate of confidence' and of the reduced 'credibility of the government's commitment to reform'. In the end, the donors expressed their continued financial support for the Government of Tanzania but did so in more careful and qualified terms than previously. During the subsequent months, further overruns in the Tanzania budget have emerged and the plans for the negotiation of a new ESAF with the IMF have again been postponed. With the current macroeconomic situation lagging behind expectations and the continuing malaise in aid relationships, the major progress of the past nine years is now at significant risk.

In the donors' view, as expressed variously to us, and caricaturing only slightly, the government of Tanzania has lost its momentum and its sense of direction, has little sense of direction, has little sense of ownership of its major programmes, and is unable to exercise fiscal control because of declining administrative capacity and increasing corruption. After more that thirty years of support, donors are disappointed with the Tanzanian performance record and regard their continued support for the GOT as politically unsustainable among their own electorates.

They do not believe that the government is doing all it can in terms of revenue collection and is therefore inordinately dependent upon their aid. At the same time it is unresponsive, except in rhetoric, to donor concerns in this regard. Having lost confidence in the government's administrative and budgetary controls, donors have introduced control systems and independent ownership of programmes that there was. Many donors accept some responsibility, as longstanding partners, for Tanzania's failed projects and programmes. They are also frequently ambivalent about the ownership issue: some demand that the government take greater control of their programmes and at the same time resist when attempts to do so at the expense of their own preferred projects. But they are uniform in their assignment of blame for Tanzania's current weak performance, lack of 'will' and corruption.

The GOT, on its side, considers that the donors are often unrealistic in their demands and their impatience. Its politicians and officials believe that the pace of change in Tanzania is as fast as is technically and politically feasible. They feel that they are being singled out for disproportionate (and negative) attention by the international donor community. They perceive the problem of increased corruption as, in part, a response to reduced real public sector wages and salaries; while seeking to lessen it, they see the problem as no more severe in Tanzania than in other developing countries. They regard the donors as 'driving' Tanzanian development programmes and intruding excessively upon matters of domestic policy, and they resent their inability or unwillingness to share information. They do not appreciate the donors' evident lack of trust or their consequent efforts to circumvent the government system by creating project 'islands' of their own. The key economic officials and ministers are overwhelmed by the heavy demands made by their time and energy by the requirements of economic management and reform. They are frustrated by the sheer number of frequent meetings, reports, and contacts that donors require. They argue that inappropriate and impossible donor demands may prejudice some considerable progress that they have so far managed to achieve.

The grievances of the aid donors and their concerns are genuine. So too are those of the GOT. The continuation of productive relationships between the donor community and the government requires that attempts be made squarely to address the grievanc es and concerns on all sides.

The Crisis in Context

In order full y to understand the current situation in Tanzania, it is necessary to place it into an appropriate overall context. It is also important to try to analyze the situation in an integrated fashion rather than from the perspective of the one player, whether it be the government of Tanzania or any individual donor. We therefore begin this report with some contextual and factual information.

The united Republic of Tanzania is not t he only African country involved in a difficult relationship with its external sources of finance. Donors are everywhere facing budget cuts and increased pressures for the support of new countries in Eastern Europe and the former Soviet Union, Saharan Africa, and elsewhere. Moreover, disappointment with Sub Saharan African economic performance is widespread in the aid community. After so many years of support, electorates in the donor countries and the governments responsible to them, perhaps understandably, freque ntly suffer from 'aid fatigue'. The aid flows to sub-Saharan Africa are therefore now universally projected to decline. The disappointments and tensions in the relationships between the GOT and its aid donors are thus countries. Perhaps because of Tanza nia's prominence in the aid budgets of the Nordic countries and the Netherlands, countries noted for their excellent donor record and their previous high expectations of the Tanzania Government, the emerging difficulties in overall aid relationships in Africa seem now to be unusually focused upon the present Tanzania solution. The handling of the current Tanzania aid 'crisis' may therefore have wide ramifications far beyond those affecting only the government and people of Tanzania.

The Government of Tanzania has received significant external financial assistance ever since the country's independence in 1961; it still receives considerably more, as a percentage of its GDP, than most other African countries, although in terms of dollar receipts per capita it is only about average (see appendix Table 1)[1]

In the early part of this more that thirty-year-old aid relationship, particularly in the late 1960s and 1970s, many donors were enthusiastic about the equity-oriented and socialistic aspirations of the government and the then president Julius Nyerere. The world Bank and many bilateral donors provided strong support for that seemed to be one of the most exciting and visionary of the post-independence African efforts at development.

By the late 1970s and early 1980s, however, the Tanzania economy had run into serious macroeconomic and structural difficulties battered by external shocks and run down by policy mistakes and inherent weaknesses and inefficiencies in its own system. After a period of debate with external donors and the international financial institutions, and some initially hesitant policy change, the government finally embarked on a major programme of macroeconomic stabilization, and some initially hesitant policy change, the government finally embarked on a major programme of macroeconomic stabilization, structural adjustment and attempted recovery, beginning in 1986. Aid, which had been cut back during the period of Tanzania's most extreme economic malaise and the dissension with the IMF and world Bank, now resumed its previous growth. The government's reliance upon aid grew rapidly once more, and the donor community became deeply involved, not least through its considerable non-project finance, in the post-1986 adjustment and recovery effort.

Tanzania is one of the relatively few countries in sub-Saharan Africa that have engaged in sustained adjustment effort with external donor support for an extended period of time—in Tanzania's case over the past nine years. It has frequently been described as a 'successful adjuster'. In a recent study by the World Bank, updating its previous widely quoted research on macroeconomic reform and growth in Africa.

And using data up to 1991-1992, Tanzania appears at one end – the upper end – of its scale. In terms of both its 'change in macroeconomic policies' and its improvement in GDP per capita growth, Tanzania is reported as performing better than any other African country. (World Bank, 'Adjustment in Africa: Update on Reversing economic decline in sub-Saharan Africa', findings, Africa region, No. 34, February 1995.) (The macroeconomic data thereafter will not show quite so favourable a record.) Until recently, it has also been 'on track' with a number of major structural reforms including reform in the trade and exchange regime, large-scale privatization of parastatal bodies, decontrol of prices and agricultural marketing, and retrenchment of the public service. The draft policy framework paper agreed between the GOT and the IMF and World Bank in September 1994 both acknowledged the reforms already accomplished and outlined further targets for structural reform.

[1] When official development assistance is calculated as a share of recipient GDP, Tanzania appears to be an extraordinarily fortunate recipient, but this is purely the result of its very low reported – and almost certainly understated – dollar per capita income. From donor and aid – analytical perspectives, dollar receipts per capita are probably better indicators of aid directions.

Fiscal performance has been at the center of much of the recent controversy between the GOT and the donors. We have therefore made some effor t to set this performance within the context of a longer time horizon and the African experience. Has the GOT been unduly slack in its efforts to raise domestic revenues? This is not an easy question to address. Data difficulties are considerable and the results (presented in Appendix tables 2 and 3) are not unambiguous.

Government revenues as a percentage of GDP have been quite respectable in Tanzania, by African standard, and have climbed impressively since 1986. Deficits have also been low, by African better than such other 'successful' adjusters as Ghana and Uganda (Appendix Table 2). However, these data may overstate Tanzanian performance, if its GDP is relatively understated and/or if that relative understatement is increasing; both are possible. Aware that there are also major problems surrounding the choice of exchange rates for conversion of local currencies into dollars, we nevertheless compared Tanzanian government revenues per capita in dollar terms, exclusive of grants, with others, as a check. On this measure, the Tanzanian record does not look quite so impressive. Its revenue performance is still much better, however, than that of Uganda (Appendix Table 3). We conclude that there is no clear basis for singling out Tanzania as particularly lacking in revenue effort, although we still have many critical comments to make about the GOT's performance in this regard. (We also make recommendations to the GOT concerning its appropriate response to more detailed complaints of donors in sections III and IV.)

Despite the fact that aggregate output is now growing more rapidly and recent expenditure surveys indicate that actual GDP may be twice as large as the current official estimate, over 40 per cent of the population continue to live below the absolute poverty level. The government's earlier concern with broadly based development has been little in evidence in the 1980s and1990s. The recent recovery of production has not been accompanied by significant improvements in the well being of all its citizens. Infant mortality remains unacceptably high at 92 per 1,000 births in 1992. Life expectancy at birth is only 51 years, very little changed over the past two decades. Primary school enrolment has fallen from 93 per cent in 1980 to less than 69 per cent in 1990, and the secondary school gross enrolment rate is only 4per cent compared with the sub-Saharan African average of 17 per cent. After almost 35 years of independence and significant external assistance most Tanzanians, as well as donors, expected more. Improving the welfare of the poor and strengthening programmes in education and health are now matters of expressed priority, but action still lags behind words.

At the same time as it has been engaged in economic reforms, Tanzania has also been undertaking major adjustment in its political system. The country is now in the midst of its firs multi-party parliamentary and presidential election campaign, reported on by a vigorous and outspoken range of independent newspapers that have emerged over the past few years of political liberalization. The dual transition – in the economic and political systems – is obviously highly challenging to the government. Wherever it has been attempted elsewhere in the world, it has proved tricky to navigate.

Difficult Transitions/Changing Needs

The government of Tanzania's programmes for macroeconomic stabilization and structural adjustment initially featured significant exchange-rate devaluation and tightened fiscal discipline. The main elements of such short- to medium-term stabilization measures could be managed effectively by a relatively small number of political leaders and technocrats from the central economic ministries and institutions and, as has been seen, the Tanzanian record in this respect, until recently, has been relatively good.

The longer-term transition from socialist to market institutions is more far-reaching and must involve far more actors, both within the government and in the broader economy, than the implementation of stabilization measures. Such deeper structural and institutional change is therefore considerably more demanding, both in terms of public understanding and support and in expertise. As the experience in may other countries has shown, the dismantling of the state and the encouragement of market entrants involve the creation of a whole new 'culture' and a wholly new role for government. It has typically been easier and faster to eliminate the previous governmental rules and institutions than to institute new ones appropriate to the emerging market economy. The new role of government in a market economy is narrower and more focused upon 'core activities', but it is no less demanding of skill and integrity in the public service. The so-called 'second generation' reforms typically take more time and more care; they are unlikely to prove fruitful if they are unduly rushed. Moreover, the replacement of the old behavioral norms and institutions with the 'freedom' of the market inevitably, for a time, generates a degree of chaos and unrestrained pursuit of personal gain and private capital accumulation.

As noted above, these major changes in economic organization are accompanied in Tanzania, as in many other countries, by a major political transition. Political transition. Political liberalization involves increased formal transparency and accountability to the governed, and increased public debate with regard to policy directions. It also requires the elaboration of new and detailed procedures for public decision-making, accountability and monitoring, and the gradual build-up of experience and precedents within the new political system. The political reforms may therefore have the side-effect of further slowing some elements of economic policy reform and institutional change about which many donors feel the GOT has already been slow enough. At the same time, the newly free press tends (properly) to highlight corruption, inefficiency, high-level disagreements and other less attractive features of the transitional economic order and, in its less responsible quarters, may exaggerate them.

Ironically, progress in the transparency of governmental activities has contributed to the sense among donors and many Tanzanians that the government is not functioning well. The detailed figures attesting to the existence of illegalities in the tax system and the likelihood of attendant corruption, which have only recently become available, are themselves the product of reforms in the Tanzanian control and disclosure system. Although corruption is probably equally common in many other countries, and may have been just as common in Tanzania itself in an earlier period, it was the release of these figures in November 1994 that brought the crisis in the aid relationship in Tanzania to a head[2].

[2] Subsequent detailed analysis of the tax losses announced in November have revealed that of the Tsh. 70 bn 'lost', Tsh. 50 bn were the product of legal exemptions, some of which could, of, have been granted for improper reasons; of the remaining Tsh. 20 bn, only Tsh. 5 bn were hardcore tax arrears, Tsh. 2.5 bn of which have already been collected. Some Tanzanians and donor observers now feel that the initial reactions to the figures, on the part of both the government and the donors, may have been exaggerated. The underlying concerns over revenue losses and/or corruption nevertheless remain universal.

II. THE QUESTION OF 'OWNERSHIP'

The Ownership Situation

In contemporary debates about aid policy there is much discussion of the importance of 'ownership'. Both the Development Assistance Committee of the OECD, in its statement of 'principles for effective aid', and the World Bank, in a variety of studies and statements, acknowledge the importance of national 'ownership' of development projects and programmes, however great their external inputs. This importance is widely seen to derive not only from its inherent appropriateness but also from its efficacy. Projects and programmes that are locally owned, at least by those who have to implement them, have proved more likely to work and to be sustained.

In our consultations many people, both donors and Tanzanians, alleged weak Tanzanian ownership of the programmes and projects for which aid is received. We found, however, that, like many such modish expressions, the word 'ownership' is loosely used and rarely defined. Some usages seem decidedly eccentric, as with the statement from one aid agency that 'we have pressured the GOT to accept ownership of …' Another stated, 'we want them to take ownership. Of course, they must do what we want. If not, they should get their money elsewhere'.

Various indicators can be used to establish the ownership of a programme or project. Whose objectives does it reflect, the recipient government's or the donors'? Who initiated, designed and evaluated it? To what extent do leading members of the government support controversial policies and programmes in public speeches, and how vigorous is the government in 'selling' them to the wider public? To what extent has the public been consulted in the preparatory stages of a project/programme in order to achieve a consensus, and to what extent has responsibility for it been developed upon those it most affects? In negative terms, local ownership may be indicated by the relative absence of donor conditionality, just as heavy conditionality is a sure sign of weak national ownership. But even when the answers to these questions indicate that donor ownership is initially dominant, there is still the possibility that ownership may be transferred to the government during implementation.

Local ownership is thus at its greatest where aided activities reflect local goals and priorities, preferably based on a genuinely consultative national consensus, where the identification of projects and programmes to be assisted rests primarily with the recipient government and where there is minimal resort by donors to policy conditionally (as distinct from the standard stipulations concerning accounting, procurement, etc.). None of this, of course, precludes extensive and early-stage consultation with donor agencies in order to arrive at outcomes which satisfy the objectives of all parties (as Tanzania's Planning Commission has done in the preparation of its Rolling Plan and Forward Budget). Nevertheless, ownership must mean that the final decisions rest with the recipient government.

We concur in the view that, despite some admirable exceptions to which we shall refer again, the ownership situation in Tanzania is at present unsatisfactory. The exceptions include, most notably, the Integrated Roads Programme, which was presented to us as a case of transferred ownership, with first phase largely donor-driven but the second phase (after a tug – of – war with donors) largely designed and administered by Tanzanian. Many interviewees noted that it may be difficult to apply this 'transfer' model to programmes which are more complex and have wider social ramifications. In any event, such transitional devices are second-best to programmes which start life as well-prepared government initiatives. Although we were given conflicting views on this, it appears that there may be signs of ownership transfer beginning in the recently developed social sector strategy – initially a creature of the World Bank but now espoused with some enthusiasm by departments of the GOT. (A larger problem, in this case, appears to be poor consultation with other interested donors, see section IV of this report).

In other areas, however, it is clear that the situation is poor. The case of civil service reform was mentioned several times as a donor-driven process fro which, while there was a good deal of support within the civil service, there was little or no backing at the political level. In this case weak leadership is holding back the improvement of public administration. Technical cooperation was another area in which local ownership appeared typically weak. Notwithstanding donor agreement in the OECD to a set of principles which includes 'great emphasis on the central role of developing countries in the planning, design and management of technical co operations', the reality is that much of the technical assistance is involuntary, with many TC personnel present in the country only at donor insistence. A recent UNDP-commissioned study of technical assistance found that:

> In almost all African Countries…. aid donors orchestrate the technical cooperation show. They conceive most project ideas, arrange their design, hire most of the experts, and oversee implementation … This situation has many costs and inconveniences. The most general and significant is that African authorities feel little ownership of activities with which they have been so little involved, making commitment problematic… Almost everybody agrees about the basic remedy for these problems: much grater responsibility for management of technical coope ration has to be transferred to local hands.
>
> (Elliot J. Berg (Coordinator), Rethinking Technical Cooperation, New York: UNDP and Development Alternative Inc., 1993; pp. 249 – 50).

On the basis of our necessarily somewhat superficial overview, we see the experience of technical cooperation in Tanzania as fully consistent with these wider findings.

Even when there is genuine donor-GOT agreement as to general policy on some particular subject, we heard numerous and varied complaints that this did not prevent intrusive donor conditionality at the level of detailed implementation. Bilateral donors were mentioned as having their owned individual agendas, being reluctant to conform to GOT priorities (on the occasions when these were expressed), and paying little more than lip service to the principle of local ownership. This was stressed, for example, by the Ministry of Education, which found itself overwhelmed by the specific conditionalities of a multitude of donors; and there were many others.

Although it appears that the October 1994 Policy Framework Paper (PFP) was a collaborative effort, in the preparation of which the GOT was engaged and which reasonably reflected its own policies, two related complaints were made about the operation of the PFP process. First, although there had reportedly been a reasonable amount of give and take between the GOT and the IMF World Bank in finalizing the paper (an improvement on earlier negotiations), the original draft was in fact prepared in Washington. The GOT therefore found itself negotiating amendments to a document prepared by others, thus producing an outcome which doubtless differed substantially from that which would have resulted from a more genuinely consensus-building process. Second, after it was agreed, the World Bank then effectively reneged on the PFO by introducing new conditionalities during the negotiating of a new structural adjustment credit (because, we were sold, there had been a turnover in key Bank personnel and the Bank had decided the PFP was inadequate).

> RECOMMENDATION 2: The GOT should insist on its right to prepare the first drafts of future PFPs, Letters or Internet and Letters of Development Policy, and the IFIs should honour that right. The final versions of these documents must, of course, be jointly agreed and this places a requirement on the government to be realistic in its approaches to these tasks.

Looking at the ownership situation more widely, our impression is that the case of civil service reform was typical of a wide range of other policy areas. Many initiatives originate with donors, with only limited policy guidance from the GOT – weaknesses often exacerbated by the limited capacity of the civil service to initiate and manage programmes and projects. Senior members of the government complained to us about the diminishing capabilities of the public administration, a lament echoed by several donors. We were told, for example, the that German aid officials had found it impossible to adhere to their country's policy of working through local administrations because many District administrations were barely functioning.

> RECOMMENDATION 3: The capabilities of the public administration at all levels need to be enhanced. This seems to be widely recognized and donors are anxious to help. However, here too the GOT should ensure that it remains in charge and should strongly resist the imposition of technical assistance which has been common hitherto.

We return to these matters in Section IV.

Source of Weakness

How has such an unsatisfactory situation come about? Both donors and the Got have contributed to it. Various donor practices undermine the possibilities of local ownership. Most major donors prepare medium-term country strategies or programmes, to which their specific project and technical cooperation decisions can be related, and which reflect the overall priorities of their aid policies. It is entirely proper that donors should develop their own aid policies and it is desirable that these should have at least a medium-term time horizon. Moreover, as a practical matter, it is probably inevitable that these exercise should reflect the imperatives of donor parliamentary and administrative timetables. However, there is a considerable tension between donors' desire to have their own country aid strategies and their stated wish that there should be local ownership. Reconciliation of these two objectives would require country programmes to be worked out collaboratively and iteratively (similar to the manner in which PFPs are supposed to be prepared).

In varying degrees, donor's practices fall short of this ideal. While some (for example, Denmark and Norway) do enter into such consultations, others appear to view the matter as one for their autonomous decision-making. Thus, a recent evaluation of Dutch aid to Tanzania notes that:

> Since 1985, three country policy documents for Tanzania have been produced, namely, for the periods 1985 – 1988; 1989 – 1992; and 1992 – 1995. They are prepared by (the aid agency) and the recipient countries are not involved in their preparation. The documents thus serve mainly as a framework for planning and programming on the donor side… (Despite improvements), country programme planning, however, remains a strongly donor-driven process. The policy consultations hardly leave room for a dialogue about policy options and priorities in the development cooperation programme.

(Evaluation of the Netherlands Development Programme with Tanzania, 1970 – 1992, Operation Review Unit, Ministry of Foreign Affairs, 1994, pp. 102-03).

The Dutch Embassy in Dar es Salaam is currently preparing a new strategy paper, which clearly will be characterized by a similar lack of consultation. While we have not been able to explore their details, it is our impression that the procedures of a number of other donors have similar defects. It goes without saying that these undermine GOT ownership of aided programmes and projects.

Donor practices undermine ownership in other ways too. We were given a number of instances, for example in the area of primary education, where agencies manipulate their choices of government departments to work with, and their entry points into them, in order to achieve their own objectives. We were also told of instances when, faced with government reluctance to agree a donor's project, the ambassador would implicitly threaten that the general level of his country's support might be scaled down. It also appears to be quite a common practice (welcomed, no doubt, by the Tanzanian beneficiaries) for donors to co-opt, or to pay 'incentives' to GOT officials working on their projects. As one respondent pointed out, where this is extensive it comes close to turning government departments into provider of private consultancy services, seriously undermining the GOT's capabilities for exercising ownership.

The forces pushing bilateral donor agencies in directions which undermine GOT ownership are varied and deep-seated. Each donor has its own aid policies and 'agenda', and is anxious to pursue its own objectives even when these are not share by the government. Constitutional, parliamentary and accounting requirements, aimed at ensuring proper accountability for the use of taxpayers' money, may also increase donor intrusiveness, a tendency that can only be enhanced by the perception already noted that corruption is a large and growing problem in Tanzania. It is also likely that agency staff will be under pressure to ensure that they spend their budgets, even if it requires a degree of bulldozing to achieve this result, and they may well see it as in their own career interests to secure a high level of aid giving or lending. They are also under pressure to show quick results and short-term efficiency. There are few rewards for those who are prepared to sacrifice short-term performance for the sake of slower but more sustainable progress.

We have also observed that it is relatively rare for donor agencies to delegate substantial responsibilities to their field offices. Most are fairly centralized in structure, regarding their local offices largely as implementation agencies with little autonomous spending or other powers. Yet it is the local offices which, by dint of their everyday exposure to local realities and government officials, best understand local aspirations and constraints.

> RECOMMENDATION 4: Substantial changes are needed in the operational culture of bilateral donors. Above all, they need to take far more seriously at the country level the general principles and support for local ownership espoused by policymakers in their headquarters. The gap between rhetoric and reality must be narrowed and donors must cease practices which undermine the exercise of Treasury control and other normal operations of the public administration. a greater willingness to devolve responsibilities to local offices would make it easier to harmonize donor and Got interests.

Then there is the World Bank. We have no wish to single out any particular agency, but the range of criticisms we heard of the Bank on this subject was too extensive to be ignored and our discussions at the Bank's resident mission were not reassuring. While there was widespread appreciation of the Bank's efforts to disseminate information on its activities, there was virtual unanimity among other donors that it was unwilling to engage in serious substantive discussions. As one bilateral donor official put it to us, ‘there is no way that the Bank can be influenced in what it has made up its mind to do’. The perception is of an institution encouraged by its superior manpower and other resources to be self-confident to the point of arrogance, with little consideration of other s‘ views. Local ownership is the first casualty of such an attitude, as illustrated by the fact, reported to us, that in the preparation of technical cooperation projects, the Bank staff routinely drafts terms of reference, instead of leaving that to GOT (The Bank is not alone in this practice). In the words of a Bank official, ‘I know that’s not ideal but it’s the only way to do business here.

On the donor side, we can sum up by reporting that we found a vast lack of contact between the general principles to which donor headquarters pay lip service and the reality in the field. We have already contrasted the DAC principle s on technical cooperation with the involuntary nature (from the Tanzanian standpoint) of much of this activity in Tanzania. (Technical cooperation makes up about 20 per cent of estimated net ODA to Tanzania from all sources). There is an equally striking difference between the remark just quoted about ‘doing business’ in Tanzania and the well-known critisms by the World Bank’s Vice President responsible for Africa of the adverse effects on government capabilities of over-reliance on foreign experts and donor neglect of the importance of local ownership. In practice, the Bank (along with other donors) ignores the first conclusion of its own recent report on aid effectiveness, that ‘aid is most effective when it supports programs and projects that are “owned” by the recipient country’ (Development Committee, Development Issues, no. 34, Presentation to the 49 the Meeting of the Development Committee, Madrid, 3 October 1994, p. 27.

> RECOMMENDATION 5: (a) Taking ownership seriously entails donor willingness to withhold or delay aid until the local conditions necessary for ownership are satisfied. A culture which is inconsistent with all that has been learned about how aid can be made more effective. A longer-term time horizon is needed than some of the donors display, for all their long past association with country.
> (b)Taking ownership seriously also entails that donor’s country strategies should blend both the donors’ policies and those of the GOT through a process of iteration, and that consultation on these should begin at an early stage.
> (c) Our recommendations on donor culture apply with particular force to the World Bank.

Turning now to the government side of the equation, we are bound to be critical here too. Several donors and some people from the GOT commented on the passivity of the government in the face of multiple donors, its apparent lack of ambition to impose its will and priorities on them and its reluctance to say ‘no’. The Got doubtless feels too greatly in need of the assistance to be able to take a strong position, but various donors contrasted its rather supine countries ostensible in no less need of aid. The governments of Eritrea and Ethiopia were particularly mentioned in this context. Refusal of offers of assistance which do not fit in with agreed priorities may appear risky to the Got; but we believe that the superficially high risk of such a stance is largely illusory, since experience has shown that inappropriate, donor-driven aid brings few lasting benefits. The Got appears to suffer from an ‘aid-dependence syndrome’, which has created an attitude of mind in which, over time, it comes to be expected that most initiatives will originate from the donors, while the government and its officials feel overwhelmed by the magnitude of the task of trying to impose their own will. Our belief is that, if it were minded to do so, the government could impose much more authority on the donors than it does at present. We also believe that the donors, although somewhat ambivalent on this, would come to accept it, as they have done elsewhere.

Such action would require strong political leadership and a clear consensus on the desirable direction for the country and on its priorities – in other words, a vision for the future. However, it was widely commented to us from all sides that at present the government lacks vision. It is to be hoped that the government which emerges after the pending elections will be able to provide more leadership of this kind and to restore greater discipline to the aid scene. We return to these matters in the following sections.

> <u>RECOMMENDATION 6: In consultation with the wider public, civil society and the donor community, the incoming GOT should urgently formulate a clear, practical, medium – to long-term development strategy for the country and be far more vigorous in seeking to impose the resulting policy and project priorities on the donors.</u>

III. DONOR COORDINATION AND AID EFFECTIVENESS

The DAC principles on aid effectiveness identify tow major propositions with regard to effective aid coordination. First, both recipients and donors should adhere to carefully appraised and productive investment programmes, in line with consultatively established priorities, as the basis for allocating aid and monitoring implementation. Secondly, the DAC principles emphasize that full and frank exchanges of information on ongoing and planned activities among donors, and between donors and recipients, are essential to the successful coordination and effective use of aid (OECD, DAC Principles for Effective Aid, Paris: OECD, 1992, p.25). In our interviews with different interested parties in and outside Tanzania we found strong agreement with these principles.

Preliminary work has begun towards the preparation of a 'core' investment programme as a guide both to aid allocation and to the subsequent monitoring of implementation. The Rolling Plan and Forward Budget currently under preparation by the Planning Commission is being supplemented by sectoral strategies for the social services sector, agriculture, infrastructure and the civil service. A modest start has also been made towards the proposed exchange of start information. Such exchanges now take place at the DAC donors meetings on the first Thursday of every month, the Joint Government – Donor Meetings held once a month, and the Joint Evaluation Committee and Joint Management Committee monthly meetings.

Concerns about Aid Coordination

The problems with regard to aid effectiveness and coordination in Tanzania remain, at their roots, the result of failure to match individual donor and government agencies' interests with agreed and coordinate priorities. Operationally, the situation is characterized by uncoordinated proliferation of projects across a large number of donors and a wide variety of disbursement accounting arrangements. In our interviews with donors and the government of Tanzania alike, reference was often made to the more that 2,000 projects and the 40 donors that have been involved in aid to Tanzania. We also head that weak coordination capacity and lack of authority on the part of the GOT were making overall coordination among donors extremely difficult. Donor-driven proliferation of projects ….. to a large extent, a reflection of this weakness as well as the product of strong donor vested interests in their own identifiable 'monuments'.

There is much more lip service to coordination, it seems to us, that there is commitment and action. Time and again we heard from all concerned of the need to reduce the number of projects and to adopt concerned of the need to reduce the number of projects and to adopt a sectoral focus or concentration. Similarly, many people emphasized the importance of harmonizing country programs with Tanzania's own prioritization of projects. Yet effective prioritization on the part of the GOT has still to be developed, and donors' willingness to abide by it remains, on the evidence, mixed at best. In the absence of such prioritization and the political will to respect it on all sides, frustrations will persist.

Concern was frequently expressed about the recent trend on the part of donors towards setting up parallel project management systems in order to circumvent the problem of weak Got capacity. This is correctly seen as worsening the already serious problems crated by project proliferation. There has been increasing recognition that such practices discourage the development of coherent and integrated management systems and weaken the incentives for coordination.

> RECOMMENDATION 7: The GOT should take steps, in collaboration with donors, to achieve common arrangements for project implementation and to avoid the recent proliferation of parallel project management systems. Increased effort should be exerted to develop Tanzanian capacity for management at all levels of programme and project implementation.

Another new development, of concern particularly to the GOT, is the proliferation of entry points for donors. These now include local governments, local communities and other NGOs. These entities offer donors the advantages of flexibility, closeness to target populations and potential for rapid intervention unencumbered by government bureaucracy. However, the strengthening of these channels may be at the expense of the adherence to overall investment priorities of policy guidelines. Of even more concern to many people is the apparent willingness on the part of some donors to consider this as a substitute for strengthening government capacity. Such approached run the risk of creating NGOs that are simply the clients of particular donors. Better coordination could be achieved among those working with these new partners if there were appropriate consultation with public authorities.

> RECOMMENDATION 8: There is an immediate need to harmonize procedures and provide information as to appropriate donor entry points for project support in order to ensure that the coordination and policy roles of public authorities are preserved. This can be done without prejudice to the strong advantages of utilizing more decentralized channels of assistance.

Lack of coordination among Got agencies was another problem we heard about from both donors and the GOT. Most people agree that the Planning Commission and the Treasury ought to play lead roles in fostering coordination. As the situation now stands, sectoral ministries *de facto* negotiate their own projects which are subsequently registered by these higher authorities without clear guidelines or priorities as to investment or policy. Those we interviewed in the GOT see this problem as the product partly of weakness in political leadership and partly of weakness in the capacities of core ministries to provide adequate guidance. Much of the Planning Commission's activity, for example, has been directed to inherently peripheral undertakings such as the facilitation of workshops, studies and consultations rather than to its main function, the provision of direction for the economy.

The need to develop a vision for long-term development and to draw up supportive strategies and investment programmes was often expressed by interviewees, and was widely seen as essential for determining overall priorities and avoiding the omission of important activities. An overall strategy should be the basis for developing rolling plans for implementation and should serve as the guide for sectoral programmes. The sectoral ministries, in this general view, should in turn use the agreed priorities as the basis for the details of their own sectoral strategies and project master plans. To complement these measures it was suggested that a clear delineation of functions should be provided and that public expenditure review systems for monitoring and planning should be strengthened.

We also heard frequently of the need to coordinate individual donor country programmes with the investment priorities developed by the GOT. Reference was often made to the critical role of donor field offices in this regard, since they are best placed to advise on harmonizing donor and recipient interests. Preparations for the annual bilateral donor consultation meetings are a critical part of the process of such harmonization and should ensure that individual donor headquarters are in tune with relevant developments in investment programming and prioritization in Tanzania.

> RECOMMENDATION 9: The process of arriving at the core priorities should be consultative in order to facilitate compliance at the implementation stage. In this regard it is necessary that there is harmonization between individual donor country programmes and the agreed prioritization. Both the Planning Commission and the Treasury should assume leading roles in ensuring this harmonization through their annual bilateral consultations with donors.

Finally we heard about the need for full disclosure of committed donor resources for the purposes of proper budgetary planning. A significant part of development expenditures is not channeled through the GOT. This problem relates in particular to expenditures incurred outside Tanzania or made directly by donors, particularly for technical cooperation and project assistance in the form of commodities. Such 'Direct Funds' remain, for the most part, unrecorded in the Tanzanian Development budget. Although the Got has asked for this information ex ante, only one donor so far has agreed to provide it.

> RECOMMENDATION 10: To the extent that public expenditure review systems become the fulcrum of planning and monitoring, it is imperative that the GOT should seek and obtain full information on resource commitments both from within and from outside the country. Even if the exact amounts of Director Funds may not be available, some estimates could be provided to allow them to be taken into account in programmatic planning.

Current Arrangements for Aid Coordination

There are useful lessons to be learned from the contrast between the relative success of coordination in the balance-of-payment (BOP) support for macroeconomic reforms and structural adjustment, on the one hand, and the fragmented support for development projects on the other.

The IMF and the World Bank have played lead roles in coordinating programme support for Tanzania. The IMF has coordinated overall BOP support though its stipulation of programme benchmarks and schedules for implementation. The GOT's involvement in this process is via the Inter-Ministerial Technical Committee (IMTC) whose task is to negotiate and review the content and implementation schedule for policy reforms included in the Policy Framework Paper or other agreements with the IMF. These detailed agreements are the main instruments for determining the actual content of the reform programme over a specific period and for monitoring performance.

Other donors co-finance BOP support based on the Fund's assessment as to whether or not programme implementation is on track. Joint local monitoring instruments have been set up to review performance on a monthly basis. The monthly Joint Evaluation Committee meetings co-chaired by the Treasury and the Bank of Tanzania serve as the main local monitoring device.

The World Bank, for its part, plays a lead role in the coordination of sectoral support. This role is based on its (IDA) sectoral lending programmes, offered in various phases under the general rubric of its Structural Adjustment Programmes. Benchmarks for implementation are included in the PFP to serve both as action plans and as monitoring instruments. Co-financing by other donors is triggered by the World Bank's assessment of performance. Sectoral ministries are involved via the IMTC in negotiating the framework for support and subsequent reviews of implementation. The monthly Joint Government-Donor Meeting is the key local monitoring device in this regard, with Joint Evaluation Committee meetings reviewing benchmarks and monitoring performance on an ongoing basis.

Under both types of programme lending bilateral donors have been highly dependent on the two multilateral financial institutions for assessments of performance. This passive stance is changing, however, with respect to sectoral programmes, as evidenced by the bilateral donors' increased calls for more active involvement in the design of social sector strategy and civil service reforms, in both of which their experience in the country is highly significant. Such a change requires increased consultations with the GOT which must now be expected to play a more effective lead role; all sides are, in principle, agreed on this.

Development project support, on the other hand, continues to lack coordination. Unfortunately, this is the area in which donor assistance has been most dominant and where proliferation of projects and modalities for support is most prevalent. Many of the concerns raised earlier relate to this large segment of aid in Tanzania.

The GOT has begun to rationalize the large portfolio of public investment projects financed through its development budget. As already noted, a core investment programme was identified for the first time in 1993/94 as part of the Rolling Plan and Forward Budget, with the GOT committing up to 80 percent of its own development budget resource to this core. It is planned to increase this share to 90 per cent. Projects identified under the 'Super Core' are to receive 100 per cent of funding requirements. The Got is calling on donors to cooperate in this nascent process of rationalizing the development budget. (Related issues are discussed below in Section IV of this report).

Similarly, at the sectoral level, the current effort is to develop sectoral strategies with related subsectoral 'Project Master Plans' to guide resource commitments both from within and from outside the country. The considerable success of the Integrated Roads programme in coordinating support in this way under a well-developed strategy has received wide acknowledgement. Developments with regard to the social sector strategy, agricultural sector policy and the civil service reform programme are all aimed at emulating this success. Subsectoral programmes in Education and Health are also on the drawing board, albeit at very preliminary stages. What is important to note is that these undertakings all involve the Got and donors in consultative processes.

In view of the strong vested interests on the part of both ministries and donors in maintaining established project portfolios, the challenges in making the transition from the existing situation of an uncoordinated proliferation of projects to a more rationalized and focused programme are formidable. Realism requires that some short –term flexibility be allowed in order to avoid excessive waste from a sudden truncation of ongoing projects and to enable a smooth transition to take place. Transitional 'space' is also needed to accommodate legal changes in country programmes on the donors' side. Transitional measures should include an orderly phasing out of existing non-priority projects and the confinement of new commitments to those projects identified in the core investment programme. It is imperative, however, that all parties concerned should be resolute and should embark on the necessary changes as soon as possible.

> <u>RECOMMENDATION 11: The central coordinating role in all development endeavours ought to be that of the Got. Two key instruments are essential in this regard: (i) a clearly articulated investment programme identifying priorities based on an overall development strategy, which is in turn converted into Rolling Plan and Forward Budget as currently being developed; (ii) a public expenditure review system which should serve</u>

both as the basis for resource allocation and as an instrument for monitoring implementation. The implications for recurrent costs of the provisions of the investment programme must also be taken into account within such a comprehensive review system. We can not overemphasize the need to foster strong political commitment among the Got and donors in adhering to the agreed prioritization in project support, including subjecting bilateral negotiations and the drawing up of country programmes o these priorities.

The above endeavours still lack appropriate mechanisms for implementation and coordination between the overall investment programme and individual sectoral strategies. A clear functional structure for decisions, guidance, and implementation needs to be developed and adhered to. The strengthening of civil service capacity more generally and of the core ministries in particular is fundamental to the successful implementation of the above arrangements.

RECOMMENDATION 12: To the extent possible, donor support should be organized sector-wide or within subsectoral project master plans developed under each ministry. In this way individual donor interventions can be harmonized along the lines of common policies and strategies. Arrangements need to be in place to allow coordination across all donors involved in a specific sector. Therefore, in addition to the more general for a for exchange of information, sectoral ministries should organize specific coordinating meetings to discuss prospective programmes and review implementation, and donors should formally commit themselves to work through them.

Further Dimensions of Coordination and Aid Effectiveness

In only a few cases do individual donor countries coordinate the assistance they provide in the form of new aid flows with that they offer in the form of debt relief. This is apparent at the global level in the separate meetings held by the Consultative Group, which essentially focuses on new commitments, and the Paris Club, which focuses on debt relief. In these two for a, both held in Paris, the main donor agencies involved are distinct, and negotiations on the two types of assistance are thus separate. Depending on how much coordination there is between treasury and Development Cooperation agencies in each donor country, disjunctures in information may occur. We recognize the fact that the CG meetings consider the financing requirements inclusive of debt relief, but the difference in the timing of the two meetings makes it difficult to obtain complete information when required.

For many years, analysts of official bilateral debt have urged greater coordination between the Paris Club and aid donor meetings such as the Consultative Groups and Round Tables (RT). Comparing the two, the CGs and RTs have the distinct advantage in that they set the overall framework for external assistance. The Paris Club must take this framework into account in its decisions if an integrated treatment of financing needs is to be achieved. Such coordination would permit a closer monitoring of the additionality of debt relief measures, which since 1988 have involved increasing concessionality, in the meeting financing requirements. Moreover, if the coordination could be done by merging the two sets of meetings, it would greatly reduce the current high ‘transactions’ costs which are an excessively heavy burden on the scarce financial and managerial resources of countries such as Tanzania. These transactions costs derive from the intensive inputs of time, energy and travel that go into the preparation, negotiations and monitoring of the outcomes from the two separate sets of meetings. Initial steps towards their merger could include the introduction of cross references in the agenda and each set of meetings to decisions made in the other.

RECOMMENDATION 13: Individual donor countries, through prior consultation among the relevant agencies, should combine their assistance given in the forms of new commitments and of debt relief so as to provide a basis for accurate and timely determination of financing requirements. This should also assist in determining the complete net resource envelope for budgeting purposes. First steps should be taken towards the reduction of transactions costs via the consolidation of CG and Paris Club meetings. The Tanzania case is among the most obviously deserving of such innovation.

Stability of the joint development effort is also important for the future of a reformed relationship between the GOT and its aid donors. Without confidence that new GOT policies and programmes will be sustained, economic decision-makers in Tanzania, both private and public, may be restrained in their responses to them and thus in their contributions to Tanzanian development. In Tanzania, as elsewhere, the credibility of government policies and programmes is fundamentally important to the decisions of private savers and investors. Development programmes like those of the Got are inevitably vulnerable to adverse and unpredictable shocks from the terms of trade, the weather or capita flows. Every effort should be made to maintain the continuity and credibility of Tanzanian development programmes by making provisions, in advance, to reduce the impact of adverse shocks through the provision of offsetting non-project finance.

RECOMMENDATION 14: To increase the credibility of the GOT's longer-term strategies and plans, efforts will be required to stabilize government revenues and development expenditures. Donors should support such efforts, to the degree that their own rules permit, with longer –term commitments and contingency financing arrangements to protect Tanzanian programmes against unexpected adverse shocks.

IV. RESPONSIBILITIES OF THE GOVERNMENT OF TANZANIA

Many of the key responsibilities devolving on the Got, in connection with efforts on the part of all parties to restore good aid relationships, have already been discussed. In this section, we shall repeat some of them – and add some more.

Both to improve effective utilization of foreign aid and to mobilize and utilize domestic resources efficiently to promote poverty alleviating growth in Tanzania's national leadership needs to articulate a development vision – a vision that inspires its own population and provides hope for the future. A broad-based development vision is bound to include objectives that are not new to Tanzania's development philosophy: commitment to universal and relevant primary education, access to basic primary health care and clean water for all, local community participation, and broad –based agricultural and rural development. A clear commitment in words and deeds to regulatory framework that is supportive to the private sector in general and rural households in particular is also required. The main building blocks of Tanzania's development vision are already implicit in government statements, but they have not been articulated coherently. More important, as has been seen, there is a widespread perception, not only among donors but also among the general Tanzania public, that the national leadership does not have a coherent development programme of its own, about which it is enthusiastic or even passionate, but is simply responding to proposals from aid donors, the World Bank and the IMF. As one major donor put it to us, 'They seem tired. That fight of earlier years is gone, absolutely gone'.

Articulation of a development vision is inadequate without the design of sound policies and the building of an effective administrative and institutional structure capable of implementing and reviewing development policies and communicating with and learning from those affected by these policies. Promoting broad-based development requires a recognition of the resource constraints facing the government, and the mobilization and allocation of financial resources in the priority sectors. To donors that are interested in supporting poverty alleviation and broad – based development, government effort in revenue collection and expenditure allocations to sectors that increase the capabilities of the poor are barometers of the government's commitment to the promotion of development.

There is a general consensus among donors, senior government officials and well-informed members of the public that the government machinery is at present very weak. Formulation and implementation of government economic policy, and overall economic management, are undoubtedly in disarray.

The current weakness of the public administration has a long history. Among its causes were the numerous institutional and administrative changes considered necessary to promote rapid socialist development in the 1960's and the 1970's. With the benefit of hindsight, it can be seen that measures undertaken by the government – including extensive nationalization of commercial enterprises; decentralization of central government and the removal of local governments; villagization; abolition of cooperatives and the introduction of the multi-purpose crop authorities; expansion of the party bureaucracy under the auspices of a supreme single-party system; intensive politicization of the civil service and employees of public enterprises; and popularization of workers' control and participation in management -- overextended the role of government beyond its administrative capacity and resource availability, while at the same time undermining discipline, the work ethic and the link between responsibility and accountability. The rapid fall in the purchasing power of wages and salaries and the development of parallel markets at the beginning of the 1980s further eroded the morale and morality of the civil service, contributing to the increasing inefficiency of the government in the delivery of public services.

Civil Service Reform

The improvement of government performance is to be pursued by implementing a civil service reform that aims at having 'a smaller, affordable, well-compensated, efficient and effectively performing civil service working to implement redefined policies and strategies for national economic development and delivery of public services… The specific objectives of this programme are:

(a) to redefine the roles and functions of the government with a view to hiving-off functions not considered to be relevant, reducing the scope of government operations to an affordable scale, and restructuring its organization and operations to achieve efficiency and effectiveness in the delivery of public services;

(b) to control the size and growth of government employment so that overmanning is eliminated and the government can ultimately afford to competitively compensate its employees;

(c) to improve the quality, capacity, productivity and performance of the civil servants through improvements in the systems and procedures for personnel recruitment, deployment, grading and promotions, training and discipline;

(d) to rationalize and enhance civil service pay by eliminating the distortions and anomalies that have crept into the system, and by improving total compensation at all levels so that it meets the minimum household living requirements and is commensurate with the qualifications, skills experience and responsibilities of individual civil servants; and

(e) to support the decentralization of government functions by rationalizing central and local government linkages, and facilitating further transfer of authority, responsibilities and resources to the regions and districts'.

(Civil Service Reform programme)

To manage the programme and mobilize its funding, the civil service reform has been disaggregated into the following six components:

- retrenchment and redeployment;
- personnel control and management;
- pay reform;
- organization and efficiency reviews;
- capacity building and training; and
- local government reforms.

The main problem facing the reform, and one which is likely to undermine its implementation, is the fact that it appears to lack 'political ownership' at the national level. It is largely seen as a programme of retrenchment with the possibility of 'golden handshakes' rather than as a programme of increased efficiency to deliver better public services.

By the end of the 1994/95 fiscal year, the government experts to fulfill the PFP requirement of retrenching 50,000 civil servants (including the removal of ghost workers); most of the retrenched workers have received some compensation. Net budgetary savings from retrenchment have unfortunately not been as great as might be expected. Those who are retrenched are typically low-salaried workers who do not receive the large allowance which are, in fact, more important in overall remuneration. The share of wages and salaries in total government expenditure I, in any case, only about 25 per cent.
The 1994 Public Expenditure Review (PER), which was prepared under the leadership of the World Bank, nevertheless suggested that:

> The complete the retrenchment exercise within a reasonable time frame, the government should revise its targets upwards to retrench at least 40,000 instead of 20,000 civil servants on a net basis per year for the next three years. (p. v)

So far the civil service reform, focusing on retrenchment and compensation of retrenches, has neither saved significant sums nor laid the foundation for improving the efficiency of the civil service. Similar approaches are unlikely to do better in the future. The efficiency of government ministries <u>is</u> expected to be improved, however, by implementing the recommendations from the organization and efficiency reviews which aim to streamline the government structure.

The Secretariat of the Civil Service Reform Commission has completed four such reviews – for the Ministry of Finance, the Civil Service Department, the Planning Commission and the Prime Minister's Office. It is also in the process of completing reviews for the Ministries of Health; Education; and Science, Technology and Higher Education. There is as yet, however, no clear system for ensuring response or implementation of the Secretariat's recommendations. For example, by mid April 1995 the Secretariat had received no response from the Planning Commission and the Prime Minister's office to the recommendations it had submitted in December 1994. The absence of a quick response to the Commission's proposals is surprising, given that the Steering Committee of the Civil Service Reform is composed of the Principal Secretaries of the Prime Minister's Office, the Planning Commission, the Treasury, and the Labour and Civil Service Departments. Moreover, the task force which conducted the organization and efficiency reviews consists of the Deputy Principal Secretaries of the Treasury, the President's Office, the Prime Minister's Office, and the Planning Commission, and the Director of Management and Services of the Civil Service Department. Given the participation of senior officials from the central ministries in both the Steering Committee and the task force, their recommendations and to organization of the four ministries with which they began should already be familiar.

Without the national leadership providing the general guidelines and taking the political responsibility for the difficult decisions required, the civil service reform may end up being an exercise in little more than producing reports. Delay during the election period is understandable. After the October 1995 election, however, the incoming President will have to show interest in the reform programme and provide overall leadership it its implementation.

> <u>RECOMMENDATION 15: Implementation of civil service reform to restructure the government and improve efficiency must be the product of political ownership and leadership at the national level.</u>

There is still no indication that any of the four ministries is preparing to implement the recommendations of the task force. The more likely scenario now seems to be that decisions on implementing the restructuring of the ministries will wait until after the completion of all the organization and efficiency reviews. In our view, this would be a major mistake.

> RECOMMENDATION 16: We agree with the Secretariat's recommendation that, in normal circumstances, not later than six months after each review is completed, the accepted recommendations for strengthening and improving the efficiency of individual Ministries should be implemented. In the current context, implementation of the agreed efficiency measures should be among the top priorities of the post –election government's agenda.

Budgetary Reform and Economic Management

The civil service reform is a medium – to long-term programme aimed at improving the overall functioning of the government. The ministries responsible for economic policy-making and the coordination and implementation of policies to improve the delivery of social service, however, require immediate strengthening. In recent months the weaknesses in revenue collection and the excessive tax exemptions have been seen as the leading problems. But the situation is actually worse than such a focus implies.

The budget process has not been taken seriously and expenditure controls remain weak, in large part because the national leadership has failed to set out clear development priorities. At the same time, all programmes are grossly underfunded. The gross underbudgeting of expenditure programmes has undermined the role of the budget as the main policy instrument of the government. Mini-budgets for formalize expenditures that were not previously budgeted have become common.

Moreover, the budget is, in major respects, not transparent. For example, 'wages and salaries' in the 1994/95 budget accounted for only 16.4 and 23.2 per cent of total expenditure and recurrent expenditure respectively. Allowances which by far exceed the salaries of senior officials are budgeted under 'other goods' services and transfers', which account for 28 and 48 per cent of total expenditure and respectively. As noted in Section III of this report, donors contribute to this lack of budget transparency when they direct fund to their own projects without integrating them into the programmes and budgets of the Got or, in most cases, even providing the budgetary authorities with accurate and timely information a bout them.

The need to meet the terms of policy conditionality – presenting a budget frame that is acceptable to the World Bank and IMF -- contributes to the excessive underbudgeting. The Treasury stipulates expenditures ceilings for government departments to meet the IMF/World Bank negotiated budget frame without eliminating existing expenditure programmes. The resultant lack of ownership and responsibility in the budgetary process was exemplified at the CG meeting of February 1995 when the World Bank presented estimates of the 1994/95 budget that were completely different form those presented to Parliament. The Tanzania delegation did not dispute the figures presented by the World Bank which were used to argue that the GOT did not need budgetary support because the recurrent budget was expected to record a surplus, while the budget estimate presented to Parliament recorded a deficit.

The Auditor General has routinely pointed our irregularities in government expenditures and accounting but no improvements in the budgetary process ad accounting have taken place. The

Treasury has lost its leadership role in controlling government expenditure. A conscious effort must therefore be undertaken to improve technical capacity in the areas of economic policy analysis, revenue forecasting and collection, budgeting, government accounting and auditing. A better working environment is also needed.

> RECOMMENDATION 17: Immediate actions is required to strengthen the Ministry of Finance to enable it to prepare realistic budgets, make better projections of revenues, impose strict financial control on accounting officers, and improve accounting of government expenditure. The authority of the Treasury in budgetary matters must be respected and protected by the highest level of national political leadership. The recent decision to establish an independent Revenue Board should be used not only to create a competent revenue –collecting institution but also, at the same time, to strengthen the capacity for policy analysis and expenditure control in the Treasury.

The Planning Commission has introduced the Rolling Plan and Forward Budget as an instrument of public investment planning. As noted in Section III of this report, it has identified a 'core investment programme' that would receive priority in the allocation of investment resources. The exercise of reviewing and refining the core investment programme must continue. Progress has been made in reducing the number of investment projects from 2, 187 in 1992/93 to 1,239 in 1994/95. The number of projects is still too large, however, and not all investment is in priority areas. Given the high dependence on external financing, with local resources financing less than 20 per cent of the total development budget, cooperation with donors is essential in the development of orderly exit mechanisms out of non-core projects. Strong leadership by the government and transparent criteria for selecting the core public investment programme are necessary to ensure that projects are not classified as 'core projects' simply because external funding is available. The impact on future recurrent budgets must also be taken into consideration when accepting donor – funded investment projects.

> RECOMMENDATION 18: The government needs to have a competent aid-coordinating unit that will channel future aid flows to priority sectors, and ensure that donor-funded programmes and projects are fully incorporated in the development budget and that the utilization of donor funds is fully accounted for.

Social Sector Strategy

In order to design and implement a poverty – alleviating development programme, a strong economic management team at the center and in key sectoral ministries is essential. The design and implementation of a sound social sector development strategy, in particular, is long overdue. Both the Got and donors are firmly committed to the prioritization of this sector. To maintain significant flows of aid, the government will increasingly be required to demonstrate that government policies and the utilization of external resources are effective in alleviation poverty. The present social sector development strategy, which seems to have been mainly a product of the World Bank, working with the Planning Commission, has failed to take on board the experiences of the other donors who have been involved in the social sectors for a long time.

Sectoral ministries, in particular the Ministry of Education, have not been adequately involved in the exercise. In this connection, the Ministry of Education needs strong political and technocratic leadership, characterized by awareness of the importance of high quality basic education for all, and particularly for girls, in the promotion of a healthy and productive population. It also needs the administrative capacity to work effectively with, and coordinate policies for, local authorities and the communities that are directly managing the schools for their children. Similar strong leadership and technical capacity are also required in the Ministry of health.

Adequate coordination in the design and implementation of social sector policies is required both within government and between government and civil society. The efforts to design a new social sector strategy are not widely known among the public, who are obviously very aware of the poor quality of health services, the falling standards of education at all levels, and the lack of a dependable water supply. This reflects the fact that the strategy is a donor-driven strategy that does not have roots in Tanzanian civil society. The production of a good document with attractive graphics does not necessarily imply a policy document capable of implementation.

> RECOMMENDATION 19: In the design of social sector policy, the participation of civil society in the policy process is necessary to increase the probability of successful implementation. The social sector development strategy also requires adequate coordination between the Planning Commission, sectoral ministries, the Prime Minister's Office, and local governments and communities. It will be important to achieve early clarification of the division of responsibilities between the Ministry of Education, the Prime Minister's office and local governments so that both central government and donor resources allocated to improve primary education are utilized appropriately. Local communities should be expected play a leading role in programmes to improve basic primary education and primary health care.

It is not too late to reorient GOT planning processes in this direction.

Dealing with Corruption

Among donors and the Tanzanian public there is a widespread perception of an increase in corruption at the highest echelons of the government. Large amount of earlier balance-of-payments support provided to particular firms in the form of commodity imports and Open General License funds have not been paid for. Widespread tax exemptions that are not necessary for promoting investment continue to undermine the credibility of the Got in the eyes of Tanzanian citizens and of donors and their taxpayers. Tanzania has traditionally attracted assistance from large numbers of donors mainly because its government and national leadership were perceived to be sincerely committed to reducing poverty. A perception that the national leadership is instead largely interested in lining its own pockets undermines the credibility of policy reforms. Both the Tanzanian public and the donors believe that the government could provide the necessary services if only it collected the taxes due. The donors are reluctant to provide balance-of-payments because they feel that it will not be used to support legitimate government activities.

> RECOMMENDATION 20: Among the measures the GOT must take to restore its credibility, immediately after the election if not before, are: an increase in budget transparency; clearance of the pending issues of unpaid commodity import support and OGL cash cover; audit of the tax exemptions of the Investment Promotion Centre (IPC); reform of the Customs Department; review and amendment of the National Investment promotion and Protection Act to separate promotion activities from regulation activities; and removal of the powers of the IPC to grant tax exemptions. In general, the design of the post-election government's policies should, wherever possible, avoid discretionary policy instruments in favour of transparent non – discretionary rules.

V. IMMEDIATE RISKS AND REQUIREMENTS

While many of the problems of aid relationships in Tanzania are common to other recipient countries, some of the features of the current Tanzanian crisis are unique to the country. In particular, the timing of the current difficulties between the Government of Tanzania and the aid donors is unfortunate. The country is in the midst of a major political transition and the first countrywide multi-party elections in its history. A newly elected government will not assume office until after the October 1995 election.

We believe, with many others, that Tanzania's long-term relations with its aid donors are at a potentially major crossroads in the year 1995. Both Tanzanians (politicians and officials) and most of the aid donors appears ready for major changes in the manner in which they interact with one another over the longer run. Realistically, however, the basic and longer-term issues in the aid relationship cannot be directly addressed until after the election. Our recommendations therefore relate primarily to the longer-term post-election prospect.

The unfortunate short-term conjuncture of the elections and the current aid crisis poses considerable immediate elements in the aid crisis as well as to the need for change on a ongoing basis and in a longer – term perspective.

As has been seen, the immediate fiscal and macroeconomic positions are quite fragile. In the budget year 1994 – 95, recurrent domestic revenue projections are below expectations and, as noted earlier, some of the expected foreign contributions have failed to materialize owing to their suspension in December 1994. At the same time, recurrent expenditures are running above the original projections. The original inflation targets for 1995 can clearly now not be met. The forthcoming parliamentary and presidential elections make an already difficult situation considerably more dangerous. The direct expenses of the election, conservatively estimated at Tsh. 20 – 25 billion, will have to appear in the 1995 – 96 recurrent budget; although there have been donor offers of support for some of them, they are bound to add to the overall budgetary pressure. In addition, election years are notorious for their expansionary effects on governmental expenditures. Political leadership in the macroeconomic realm, notably in the maintenance of budget discipline and in the control of corruption, may be weak in an environment which the President and many of those around him are required to leave office on October and key economics Ministers are engaged in electoral campaigns. Much will depend upon the credibility of the 1995 – 96 budget to be presented and approved by Parliament in June 1995, and on the capacity of the civil service to exercise the necessary controls over expenditures during the remainder of the election campaign and until the newly elected government finds its feet. It is possible to argue that these controls may be at their strongest when they are administered by the civil service, without strong political interventions; but this is by no means certain.

Should there be further loss of budgetary control in the run-up to the elections and associated increases in inflation, macroeconomic stability could quickly begin to unravel. Owners of private capita, many of whom have returned significant sums to Tanzania in recent years in response to its relative macroeconomic stabilization, may be motivated to move their funds out again. The confidence and credibility of the entire stabilization and reform effort, painfully built up over the course of the past nine years, could easily be lost in burst of election-related fiscal and monetary expansion. Such a disruption of relative macroeconomic stability and loss of confidence in macroeconomic management could set the recovery effort back several years. The risks and potential costs of major macroeconomic setbacks in 1995 are too high to justify donor financial 'super-caution' at this time. The aid relationships must be improved from October 1995 onwards; but, first, it will be critical not to lose the gains already realized through previous donor-Tanzania cooperation. Donor non-project support has a particularly important role in this regard.

<u>RECOMMENDATION 21: We urge the immediate and effective tightening of the government's fiscal controls, the presentation of a restrained and realistic government budget in June 1995, and a realistic and sympathetic response on the part of donors to the uniquely dangerous fiscal situation in the remainder of 1995. Donor financial support for election expenses and related expenditures, which has been promised, is nor a matter of considerable potential macroeconomic significance; it needs to be speedily provided. Resumption of the currently suspended donor non-project support of the government budget, as soon as the basic minimum requirements are met, is also a matter of great potential importance. Parliamentary approval of budget that has received the imprimatur of the IMF, and the introduction of an IMF shadow programme or equivalent budget control measures and commitments, should, in our view, trigger the early realease of suspended balance-of-payments support and encourage the continued provision of such support for the rest of the year.</u>

LIST OF RECOMMENDATIONS

1. Both the Government of Tanzania and the major aid donors can and should initiate major changes in their relationships in order to restore mutual confidence and the prospect of continuing progress in Tanzania. Both should now be planning for a gradual decline in the degree of external support for Tanzania and reforms in the modes and processes through which it moves.

2. The Got should insist on its right to prepare the first drafts of future PFPs, Letters of Intent and Letters of Development Policy, and the IFIs should honour that right. The final version of these documents must, of course, be jointly agreed and this places a requirement on government to be realistic in its approaches to these tasks.

3. The capabilities of the public administration at all levels need to be enhanced. This seems to be widely recognized and donors are anxious to help. However, here too GOT should ensure that it remains in charge and should strongly resist the imposition of technical assistance which has been common hitherto.

4. Substantial changes are needed in the operational culture of bilateral donors. Above all, they need to take far more seriously at the country level the general principles and support for local ownership espoused by policymakers in their headquarters. The gap between rhetoric and reality must be narrowed and donors must cease practices which undermine the exercise of Treasury control and other normal operations of the public administration. A greater willingness to devolve responsibilities to local offices would make it easier to harmonize donor and Got interests.

5. (a) Taking ownership seriously entails donor willingness to withhold or delay aid until the local conditions necessary for ownership are satisfied. A culture which is willing to override ownership in order to 'do business' is inconsistent with all that has been learned about how can be made more effective. A longer – term time horizon is needed than some of the donors display, for all their long past association with the country.
(b) Taking ownership seriously also entails that donors country strategies should blend both the donors' policies and those of the GOT through a process of iteration, and that consultation on these should begin at an early stage.
(c) Our recommendations on donor culture apply with particular force to the World Bank.

6. In consultation with the wider public, civil society and the donor community, the incoming GOT should urgently formulate a clear, practical, medium – to long-term development strategy for the country and be far more vigorous in seeking to impose the resulting policy and project priorities on the donors.

7. The GOT should take steps, in collaboration with donors, to achieve common arrangements for project implementation and to avoid the recent proliferation of the parallel project management systems. Increased effort should be exerted to develop Tanzanian capacity for management at all levels of programme and project implementation.

8. There is an immediate need to harmonize procedures and provide information as to appropriate donor entry points for project support in order to ensure that the coordination and policy roles of public authorities are preserved. This can be done without prejudice to the strong advantages of utilizing more decentralized channels of assistance.

9. The process of arriving at the core priorities should be consultative in order to facilitate compliance at the implementation stage. In this regard it is necessary that there is harmonization between individual donor country programmes and the agreed prioritization. Both the Planning Commission and the Treasury should assume leading roles in ensuring this harmonization through their annual bilateral consultations with donors.

10. To the extent that public expenditure review systems become the fulcrum of project planning and monitoring, it is imperative that the Got should seek and obtain full information on resource commitments both from within and from outside the country. Even if the exact amounts of Direct Funds may not be available, some estimates could be provided to allow them to be taken into account in programmatic planning.

11. The central coordination role in all development endeavours ought to be that of the Got. Two key instruments are essential in this regard: (i) a clearly articulated investment programme identifying priorities based on an overall development strategy, which is in turn converted into a Rolling plan and Forward Budget as currently being developed; (ii) a public expenditure review system which should serve both as the basis for resource allocation and as an instrument for monitoring implementation. The implications for recurrent costs of the provisions of the investment programme must also be taken into account within such a comprehensive review system.

    We cannot overemphasize the need to foster strong political commitment among the GOT and donors in adhering to the agreed prioritization in project support, including subjecting bilateral negotiations and the drawing up of country programmes to these priorities.

12. To the extent possible, donor support should be organized sector-wide or within subsectoral project master plans developed under each ministry. In this way individual donor policies and strategies. Arrangements need to be in place to allow coordination across all donors involved in a specific sector. Therefore, in addition to the more general fora for exchange of information, sectoral ministries should organize specific coordinating meetings to discuss prospective programmes and review implementation, and donors should formally commit themselves to work through them.

13. Individual donor countries, through prior consultation among the relevant agencies, should combine their assistance given in the forms of new commitments and of debt relief so as to provide a basis for accurate and timely determination of financing requirements. This should also assist in determining the complete net resources envelope for budgeting purposes. First steps should be taken towards the reduction

of transactions costs via the consolidation of CG and Paris Club meetings. The Tanzanian case is among the most obviously deserving of such innovation.

14. To increase the credibility of the GOT's longer-term strategies and plans, efforts will be required to stabilize government revenues and development expenditures. Donors should support such efforts, to the degree that their own rules permit, with longer-term commitments and contingency financing arrangements to protect Tanzania programmes against unexpected adverse shocks.

15. Implementation of civil service reform to restructure the government and improve efficiency must be the product of political ownership and leadership at the national level.

16. We agree with the Secretariat's recommendation that, in normal circumstances, not later than six months after each review is completed, the accepted recommendations for strengthening and improving the efficiency of individual Ministries should be implemented. In the current context, implementation of the agreed efficiency measures should be among the top priorities of the post-election government's agenda.

17. Immediate action is required to strengthening the Ministry of Finance to enable it to prepare realistic budgets, make better projections of revenues, impose financial control on accounting officers, and improve accounting of government expenditure. The authority of the Treasury in budgetary matters must be respected and protected by the highest level of national political leadership. The recent decision to establish an independent Revenue Board should be used not only to create a competent revenue-collecting institution but also, at the same time, to strengthen the capacity for policy analysis and expenditure control in the Treasury.

18. The government needs to have a competent aid-coordinating unit that will channel future aid flows to priority sectors, and ensure that donor-funded programmes and projects are fully incorporated in the development budget and that the utilization of donor funds is fully accounted for.

19. In the design of social sector policy, the participation of civil society in the policy process is necessary to increase the probability of successful policy implementation. The social sector development strategy also requires adequate coordination between the planning commission, sectoral ministries, the Prime Minister's Office, and local governments and communities. It will be important to achieve early clarification of the division of responsibility between the Ministry of Education, the Prime Minister's Office and local governments so that both central government and donor resources allocated to improve primarily education are utilized appropriately. Local communities should be expected to play a leading role in programmes to improve basic primary education and primary health care.

20. Among the measures the GOT must take to restore its credibility, immediately after the election if not before, are: an increase in budget transparency; clearance of the pending issues of unpaid commodity import support and OGL cash cover; audit of the tax exemptions of the Investment Promotion Centre (IPC); reform of the Customs Department; review and amendment of the National Investment Promotion and Protection Act to separate promotion activities from regulation activities; and

removal of the powers of the IPC to grant tax exemptions. In general, the design of the post-election government's policies should, wherever possible, avoid discretionary policy instruments in favour of transparent non-discretionary rules.

21. We urge the immediate and effective tightening of the government's fiscal controls, the presentation of a restrained and realist government budget in June 1995, and a realistic and sympathetic response on the part of donors to the uniquely dangerous fiscal situation in the remainder of 1995. Donor financial support for election expenses and related expenditures, which has been promised, is now a matter of considerable potential macroeconomic significance; it needs to be speedily provided. Resumption of the currently suspended donor non-project support of the government budget, as soon as the basic minimum requirements are met, is also a matter of great potential importance. Parliamentary approval of a budget has received the imprimatur of the IMF, and the introduction of an IMF shadow programme or equivalent budget control measures and commitments, should, in our view, trigger the early release of suspended balance-of-payments support and encourage the continued provision of such support for the rest of the year.

Appendix

Table 1

ODA Receipts, Annual Average, 1990 – 92

	Net ODA per capita (US$ per capita)	Net ODA as % of recipient GDP
Tanzania	44	43
Sub – Sahara Africa *	44	13
Ghana	45	10
Kenya	42	12
Malawi	61	27
Uganda	39	22
Zimbabwe	50	8

* Excluding South Africa and Nigeria

Source: World Bank, African Development Indicators, 1994 – 95, Washington, DC

Appendix

Table 2

Fiscal Performance, 1980 – 93 (%)

	1980	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Revenue/GDP (excl. grants)											
Tanzania	17.3	15.7	15.0	13.2	13.7	13.9	17.7	18.8	19.1	21.3	20.3
Sub-Saharan Africa excl. South Africa	17.9	17.8	18.3	20.7	19.7	19.2	19.8	20.9	19.3	19.8	18.2
Ghana	6.9	8.0	11.3	13.6	14.1	13.5	13.6	11.8	13.7	11.1	16.7
Uganda	3.1	8.5	5.8	4.3	2.6	3.6	4.0	5.9	6.2	5.0	5.8
Kenya	21.9	20.2	20.0	20.3	21.0	21.1	21.8	22.4	24.7	22.3	21.8
Zimbabwe	24.1	31.6	29.2	30.2	33.0	30.8	32.4	31.0	29.3	31.3	29.3
Deficit (excl. grants)/ GDP											
Tanzania	- 11.4	- 7.9	- 6.2	- 6.9	- 7.1	- 8.2	- 5.4	- 6.1	- 2.7	- 2.6	
Sub-Saharan Africa excl. South Africa	- 7.6	- 5.5	- 4.5	- 5.2	- 7.0	- 7.7	- 6.4	- 6.6	- 8.9	- 10.3	- 11.0
Ghana	- 4.2	- 2.1	- 2.7	- 0.7	- 0.3	- 0.7	- 5.4	- 5.2	- 4.6	- 11.2	- 10.3
Uganda	- 3.2	- 2.4	- 2.5	- 2.6	- 2.2	- 3.6	- 3.9	- 5.5	- 6.6	- 10.6	- 10.2
Kenya	- 502	- 5.0	- 6.4	- 4.6	- 7.5	- 5.6	- 8.9	- 5.7	- 4.9	- 4.3	- 5.3
Zimbabwe	- 10.9	- 11.3	- 9.4	- 9.0	- 11.8	- 9.8	- 9.1	- 7.7	- 7.5	- 8.2	- 6.4

Source: World Bank, African Development Indicators, 1994 – 95, Washington, DC

Appendix

Table 3

Per Capita Government Revenue (Excluding Grants), 1985 – 92 (US$)

	1985	1986	1987	1988	1989	1990	1991	1992	Average 1990 - 92
Ghana	40.4	59.5	53.0	50.1	49.6	49.3	62.7	48.4	53.4
Kenya	60.7	70.0	76.8	79.5	77.7	79.0	79.8	68.9	75.9
Malawi	34.9	34.8	32.0	35.8	41.7	44.0	46.6	39.5	43.3
Tanzania	48.8	29.6	21.5	20.1	21.1	19.9	24.1	22.6	22.2
Uganda	10.4	12.2	7.8	6.0	7.7	10.2	9.7	9.3	9.7
Zimbabwe	159.1	174.7	199.5	212.1	212.9	217.8	190.2	179.4	195.8

Source: Computed from data in World Bank, African Development Indicators, 1994 – 95, as GDP in US Dollars times government revenue as percentage of GDP, divided by population.