Understanding patterns of accountability in Tanzania

Component 3: Analysis of values, incentives and power relations in the budget allocation process

June 2005
Acknowledgements and Disclaimer

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Responsibility for the opinions presented in this Report rests exclusively with the authors and should not be attributed to the Government of Tanzania or to the UK Department for International Development. Any comments on the report would be gratefully appreciated by the authors.
Values, incentives and power relations in the budget allocation process

**Acronyms**

<table>
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<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
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<tr>
<td>CCM</td>
<td>Chama cha Mapinduzi</td>
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<tr>
<td>DC</td>
<td>District Commissioner</td>
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<td>DED</td>
<td>District Executive Director</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DPs</td>
<td>Development Partners</td>
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<td>GBS</td>
<td>General Budget Support</td>
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<td>GoT</td>
<td>Government of Tanzania</td>
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<td>IFMS</td>
<td>Integrated Financial Management System</td>
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<td>LAAC</td>
<td>Local Authorities Accounts Committee</td>
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<td>LGA</td>
<td>Local Government Authority</td>
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<td>LGRP</td>
<td>Local Government Reform Programme</td>
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<td>MAFS</td>
<td>Ministry of Agriculture and Food Security</td>
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<tr>
<td>MDA</td>
<td>Ministry, Department and Agency</td>
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<tr>
<td>Mkukuta</td>
<td>Mkakati wa Kukuza na Kupunguza Umasikini Tanzania</td>
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<td>MoEC</td>
<td>Ministry of Education &amp; Culture</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<tr>
<td>MP</td>
<td>Member of Parliament</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>NAO</td>
<td>National Audit Office</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NSGRP</td>
<td>National Strategy for Growth and Reduction of Poverty</td>
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<td>PAC</td>
<td>Public Accounts Committee</td>
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<td>PEDP</td>
<td>Primary Education Development Plan</td>
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<td>PER</td>
<td>Public Expenditure Review</td>
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<td>PFM</td>
<td>Public Financial Reform</td>
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<td>PO-RALG</td>
<td>President’s Office – Regional Administration &amp; Local Government</td>
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<td>PO-PP</td>
<td>President’s Office – Planning and Privatisation</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>RC</td>
<td>Regional Commissioner</td>
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<td>REPOA</td>
<td>Research on Poverty Alleviation</td>
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<td>SAS</td>
<td>Single Accounts System</td>
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<td>SUNY</td>
<td>State University New York</td>
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<td>TAMWA</td>
<td>Tanzania Media Women’s Association</td>
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<td>TAS</td>
<td>Tanzania Assistance Strategy</td>
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<td>TGNP</td>
<td>Tanzania Gender Network Programme</td>
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<td>TNBC</td>
<td>Tanzania National Business Council</td>
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<td>TRA</td>
<td>Tanzania Revenue Authority</td>
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<td>UPE</td>
<td>Universal Primary Education</td>
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<td>URT</td>
<td>United Republic of Tanzania</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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Values, incentives and power relations in the budget allocation process
Executive Summary

This report is the third component of the study on understanding patterns of accountability in Tanzania. It focuses on the accountability relations between political and administrative power holders and the citizens whom they serve. In particular, it seeks to examine the question, “What do Tanzania’s elected leaders believe they are accountable for and to whom?”

By addressing this question, the report seeks to provide a top-down perspective on how accountability is perceived within the Tanzanian state structure. It thus complements the bottom-up view provided by Component 2 on ordinary people’s perceptions of their rights and their views and experience on how they can hold their leaders accountable.

The primary focus of this component is the budget process. Public finances lie at the heart of the political contest over power and influence. Therefore, we use the budget process as a “lens” to magnify the underlying power relations and institutional controls that nationally elected leaders deal with on a daily basis.

The approach combines semi-structured interviews with national Members of Parliament and more detailed research on a number of “landmark” budget decisions. These “landmark” decisions have been chosen to illustrate the relative importance of the different interests underlying resource allocation decisions and the relative strength of the accountability controls to which these decisions should be subject.

26 National Parliamentarians were interviewed during the April 2005 Parliamentary session in Dodoma. The interviews included both general questions on accountability within the budget process and questions specific to the specified landmark decisions. This research was complemented by analysis of budgetary and other documentation and interviews with relevant civil servants, researchers and donor officials.

Current assessments of the budget process

The Tanzanian budget process is often upheld as a strong example for its neighbouring countries in Eastern and Southern Africa. Key reform elements highlighted are the Integrated Financial Management System (IFMS) and the associated mechanism of expenditure control through a centralised payments system. This has dramatically reduced the opportunities for spending public monies outside of the framework of the approved budget. Assessments of Tanzania’s reform efforts and the quality of its public financial management system have generally been positive and have qualified the country for general budget support from a number of multilateral and bilateral donors.

There are also critical voices. Some observers have been sceptical about the formal mechanisms for participatory dialogue such as those of the PRSP and the PERs. It is argued that established partnerships and coalitions tend to resemble staged performances in public participation, largely bypassing and undermining democratic oversight institutions such as parliament (Gould and Ojanen 2003).

The recent evaluation of general budget support (Daima Associates/ ODI, 2004) emphasised the improvements to the budget system which have been achieved over the past 10 years. At the same time, it pointed to a number of continuing weaknesses:

- The extent to which public expenditure proposals are scrutinised and genuinely questioned continues to be limited. The GBS evaluation refers to the relative weakness of the “budget challenge function” within the planning units of sector ministries, the Budget department of MoF and within Parliament.
o There is a high level of virement and budget re-allocation during budget execution. Although budget changes follow the requirements of the Public Finance Act, they result in a budget out-turn which is significantly different from the originally approved budget, thus diminishing the role of Parliamentary debate and approval in guiding public spending allocations.

o There continue to be weaknesses in procurement processes, which are regularly reported in the reports of the Auditor General. The World bank-led Country Procurement Assessment Review identified a series of procedural changes required to address these weaknesses. These changes are being introduced but progress has been slow.

o Although accounting and financial reporting for central government spending has improved enormously with the introduction of the IFMS, accounting at the local government level remains very weak and only some 50% of local governments have computerised accounts.

o The processes for following up on the recommendations of the Parliamentary Public Accounts Committee and the Local Authorities Accounts Committee are not robust, with the result that corrective actions are not systematically pursued.

MPs’ perceptions of their role in the Budget Process

The MPs interviewed pointed to a number of factors militating against effective scrutiny by standing Parliamentary Committees or indeed by Parliament as a whole. In general, they believe that there has been a modest improvement in the budget process over the past five years, due to more information, greater opportunity for involvement by MPs, the change in structure of the committees and improved capacity especially in the work of the PAC and LAAC. However they argue that much more needs to be done at each stage of the budget process to ensure parliament is an effective accountability mechanism.

o The extent of understanding of budgetary and public expenditure issues amongst Parliamentarians is relatively limited. This is worsened further by the weak research support, limited resources and information which is not generally user-friendly.

o There is inadequate transparency over how and why decisions are made, especially with regard to budget reallocations. Information such as the budget guidelines do exist but are not always accessible or easy to follow. This hinders MPs ability to understand the justification behind certain decisions. Moreover due to the limited role parliamentarians play in setting priorities and the perceived lack of influence over decision-making, there is no sense of ownership of resources.

o The monitoring of activities, the publication of reports and the implementation of legislation does not easily translate to the real oversight of performance. There is limited evidence of answerability, whereby decision-makers are obliged to justify their decisions publicly so as to substantiate that they are reasonable, rational and within in their mandate.

o There are considerable delays in receiving audit reports and tabling recommendations based on the audit reports in parliament. These delays prevent the PAC and LAAC from gaining momentum and ensuring that the recommendations are pursued. Furthermore, punishment for non-compliance is not pursued or enforced, and as a result acts as major disincentive to the work of the MP, the NAO and the CAG.

o In terms of the third criteria of accountability, controllability, there are mechanisms to sanction actions and decisions that run counter to given mandates and procedures.
They are just not adequately used. As a result these mechanisms are largely redundant and Parliament, as a check on the executive, is made ineffective.

In conclusion, Parliament’s role in holding the executive accountable is currently not very effective. The formal measures to enforce accountability may be in place, but often the spirit of their intent is lost to the mechanistic approach with which they are applied. MPs need the right incentives, along with the necessary information and resources and a commitment from the political leadership to demonstrate that accountability is important.

**Which is the dominant form of accountability? – the views of MPs:**

Our interviews with parliamentarians suggest that both formal and informal mechanisms impede the legislatures’ ability to perform its oversight function as an agent of horizontal accountability. The interviews confirm the hypothesis that the Executive, the President and a small number of senior ministers closely control power. This is reinforced by the Presidential powers of appointment and by the party structure. Interviews have also confirmed the hypothesis that CCM Party discipline has a strong influence on voting patterns within Parliament and on the behaviour of MPs.

**Vertical-electoral accountability:** The fear of not being re-elected or of not being selected by the party as a candidate are perhaps the major worries of most MPs. Yet the judgement of voters is often simplistic and materialistic: MPs are largely judged by voters according to their ability to ‘bring the goods home.’ As a result, MPs see themselves as ‘accountable’ for providing tangible benefits to their constituencies. Furthermore, as most MPs view the formal budgetary channels as an ineffective mechanism for bringing development funds to their constituency, they habitually turn to informal mechanisms like lobbying through personal networks and approaching donors and international NGOs. Some of the parliamentarians even resort to distributing money from their own pockets.

At the same time the importance of the Party in the MPs work is irrefutable and the MPs are subject to strong party discipline while in Parliament. The party caucuses are strong to the extent that they can dictate how the MPs vote. Our interviews with MPs on their vertical accountability function suggest a potential conflict of interest between MPs, and various levels of district government. The vertical accountability role of MPs is not clearly defined, and informal practises may come into conflict with formal local government structures. These potential conflicts are linked to the dominance of the CCM party, and the lack of clear distinctions between the Party and the government structures as well as the poorly defined role of District Commissioners vis-á-vis those of MPs and district councils.

**Vertical-Societal accountability:** Currently the links among MPs and non-state agents are weak. However, some notable changes are taking place. For better or worse, media is a force to be reckoned with, and they do add reach to some of the lobbying and advocacy work done by the mostly urban based NGOs that attempt to play this role. NGOs have also started to engage in direct policy lobbying in the capital. Religious organisations have influence as opinion leaders, although they don’t necessarily function as a natural check against government. Business associations seem to be the non-state actor with the most influence on the budget process. Trade Unions appear without much influence at all, with the notable exception of the Tanzania Teacher’s Union. It may also be relevant to add that the hypothesis that District Development Trusts is an important factor at district level was not supported by the interviews. One MP’s opinion that “District Development Trusts have been a failure in most cases,” seems to be fairly representative.

Perhaps most striking is the recurring tendency of the interviewed MPs to view most, if not all, of the non-state actors listed above first and foremost as potential purveyors of development projects for their constituencies. The media is an exception, but then again,
The media is seen as a campaign tool (for oneself as well as for one’s potential opponent) more than as a natural check against state power.

**External Accountability:** MPs remain ambivalent with respect to donor agencies. All MPs find them much too influential, some even to the extent that they are perceived to be “ruling the country”. One holds that “donors are not honest”, another alleges that they “don’t address the real needs of the people”. Moreover, some MPs claim that there is “conspiracy between the donors and the government”. All the same, the MPs’ relationship with donors can best be described as one of hate-and-love. At the end of the day most MPs feel that the donors are needed, and that they are vital in keeping the government on the right track, since they are, paradoxically, in a better position to do that than the Parliament.

The dominant form of accountability – what do the “landmark” decisions show?

In reference to horizontal accountability the analysis of the landmark decisions supports the findings presented in the previous chapters that the Executive is highly dominant. There were several examples of the Government short-cutting the Parliamentary consultation process – in relation to the abolition of primary school fees, the abolition of the Development Levy and the re-introduction of agricultural subsidies. Ironically, our interviews with MPs suggested that each of these decisions would have been popular with Parliament. So the failure to follow the due process of consultations does not seem to arise out of a desire to hide information or to deceive Parliament, it is a simple reflection of how little attention is given to Parliament in the policy-making process.

The analysis adds nuance, however, as we can distinguish at least two separate parts of the Executive, namely the senior technocracy and the Party. The Cabinet could be seen as being between the two, probably closer to the Party than the technocracy. Whereas the technocracy appears dominant in policy implementation and the formulation of general policies, such as the PRSP and NSGRP, the Party can assert its influence on issues where it identifies a risk of the Government making political mistakes.

Properly speaking this is best defined as a form of vertical-electoral accountability. The abolition of the development levy and the reintroduction of agricultural subsidies may both be seen as direct responses to concerns expressed by the electorate through the Party. In both these cases, especially the latter, the chosen policies went against advice from the donors. A senior political analyst interviewed in the preparation of this report, summed up the division of power between the Government and the Party as follows:

‘The Government is by and large left to conduct its affairs without interference, as long as it keeps within the basic boundaries of political acceptability. But if the Government “steps outside”, the Party will “step in.”’

Without doubt, the role of the majority CCM Party is highly significant and, taking the landmark cases and the MP’s comments together probably emerges as the single most dominant force of accountability in Tanzania.

Although all political parties worry about winning votes, the influence of the electorate on policy making tends to be indirect. In some cases, as in the abolition of school fees and the development levy, the prospect of attracting overwhelming popular support can nudge Government and Party in a certain direction. In other cases, as for example decentralization and the PRS process, less regard is given to popular opinion.

Societal accountability appears more limited than that of the electorate. There is circumstantial evidence that the business community might have had some influence in the redirection of the PRS process and the introduction of agricultural subsidies, but the available evidence is not sufficient to draw any firm conclusion. Similarly, one may surmise that the
lobbying of the Tanzania Teachers Union may be one of the forces slowing the
decentralisation of authority for staff management but we found no firm substantiation of this.

It was observed by a number of MPs that the combination civil society and media can be
influential, as civil society get media coverage when they conduct critical policy analysis and
advocacy. Still, by the standards of most neighbouring countries, civil society and media in
Tanzania remain weak.

As expected, external accountability appears more decisive, although perhaps not to the
extent that one might have thought. The landmark cases, notably the introduction of
agricultural subsidies and the reorientation of the PRS process, give examples of
Government going against the preferences of the donor community. The purchase of the
Presidential jet might have been quoted as an example of another decision in this vein. Even
the local government reform was initiated at a time when the World Bank was against it; and
now when there is broad donor support for faster implementation of the Local Government
Act of 1999, there are signs that Government is stalling on implementation in response to
domestic political concerns.

In short, the overwhelming perception of MPs that donors have excessive influence, does not
appear to be substantiated by an analysis of landmark budgetary decisions.

Summary Overview and Policy Implications

Both the interviews with MPs and the analysis of landmark budgetary decisions confirmed
many of our initial hypotheses, most notably that the Executive has a dominant role in setting
the budget and is subject only to a rather formalistic scrutiny and oversight by Parliament.
The fact that decision-making within the Executive is focused very closely on the President
and a small group of senior ministers was also borne out. The dominant role of the CCM
party also emerged very clearly. Indeed, it would seem that the advent of multi-party
democracy has strengthened the role of the party and tightened party discipline.

Accountability to the electorate emerges as the most powerful check within the Tanzanian
system, mediated in particular through the role of the majority party, the CCM. We have seen
evidence of significant policy decisions where a concern for the electorate was a driving
force. At the same time, it is clear that – as in all countries, the concerns of the electorate
tend to be rather simplistic and are, as such, easily manipulated.

Nor should there be any illusions about the ability of NGOs, the media and other domestic
interest groups to play a corrective role with regard to the Executive. As expected, their role
is modest. Indeed, they are more generally perceived by MPs either as a source of local level
projects (NGOs, faith-based organisations) or as a campaign tool (the media) rather than a
democratic check on Executive power.

With regard to the forces of external accountability, MPs made no mention at all of the
African Union or the East African Community and it seems clear that these bodies would only
become relevant in the event of wars or major trade disputes. The role of donors exercised
the minds of MPs much more forcefully: clearly they are highly visible and seen to hold
excessive power. On the other hand, a more detailed analysis of budgetary decisions
suggests that the role of donors is distinctly subservient to that of domestic political interests.
Donors may be able to insist on increased transparency by the Executive but there is no
sense in which there is controllability within this accountability relationship.

Overall, this adds up to a weak structure of checks and balances and a structure of power
dominated by the Presidency, the Executive and the CCM Party. On the positive side, this is
Values, incentives and power relations in the budget allocation process

almost certainly helpful in facilitating coherent and resolute policy-making, without the need for continuous compromise and lengthy consultation. On the other hand, it means that Tanzania has an inherently weak democratic fabric. Put simply, if the CCM party were to elect an unscrupulous leader as the Presidential candidate, there would be few effective, formal controls to keep the power of such a person in check.

Fortunately, there is a powerful set of essentially informal controls militating against such an outcome. Yet these counterbalancing checks may generally be described as traditions rather than formal rules with a legal and constitutional backing. The Tanzanian Government and its people need to consider how far it is wise to continue to rely on these traditions and on the basic good sense of its leaders. Consideration may need to be given to introducing legal and constitutional changes designed to improve the balance of power between the Executive, the Legislature and the other organs of democracy. These changes need not necessarily be radical: through a structured set of small changes across a range of areas, it ought to be possible to achieve a better balance of powers. Chapter 5 presents some specific recommendations in this respect.

Yet it would be wrong to focus exclusively on legal and procedural changes as the most effective way of strengthening accountability within a government. There is much that could be done at the technical and administrative levels to remove the factors that constrain effective engagement of Parliamentary committees in the formulation, adoption, oversight and control of the budget. These include:

- Increasing the time available for scrutiny;
- Providing more user-friendly information at an earlier stage of the budget cycle;
- Providing advisory, training and research support so as to improve the technical capacity of MPs.

Such efforts at the Parliamentary level could be usefully reinforced by deliberate actions to open space for the electorate and other actors to participate in monitoring the budget process. Much of the present participation in processes such as the Public Expenditure Reviews (PERs), commendable as such efforts are, risks becoming tokenistic unless there is more transparency in actual expenditures and how these agree, or don’t, with the budgets. The importance of transparency in financial affairs becomes more important still at the district and village level.

Finally, the government and donors should seek to be more transparent in the aid negotiation process. It seems likely that the MPs’ apparent overestimation of the donors’ influence, to a large part derives from a lack of information on project and other donor funding and on the arguments that are shaping the policy debates between donors and the Executive.
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1 Introduction

1.1 Objectives
This report is the third component of the study on understanding patterns of accountability in Tanzania. The focus of this component lies on the accountability relations between political and administrative power holders and the citizens whom they serve. In particular, it seeks to examine the question, “What do Tanzania’s elected leaders believe they are accountable for and to whom?”

By addressing this question, the report seeks to provide a top-down perspective on how accountability is perceived within the Tanzanian state structure. It thus complements the bottom-up view provided by Component 2 on ordinary people’s perceptions of their rights and their views and experience on how they can hold their leaders accountable.

1.2 Methodology

1.2.1 Overview of Approach
The study presented in this component explores the values and incentives of politicians and the structure of power relations within which they sit. The primary focus of the study is the budget process. Public finances lie at the heart of the political contest over power and influence. The process of allocating scarce resources is likely to throw up incompatibilities between formal and informal institutions, and between power holders’ interests and collective interests. Therefore, we use the budget process as a “lens” to magnify the underlying power relations and institutional controls that nationally elected leaders deal with on a daily basis.

The approach combines semi-structured interviews with national Members of Parliament and more detailed research on a number of “landmark” budget decisions. These “landmark” decisions have been chosen to illustrate the relative importance of the different interests underlying resource allocation decisions and the relative strength of the accountability controls to which these decisions should be subject.

26 National Parliamentarians were interviewed during the April 2005 Parliamentary session in Dodoma. The interviews included both general questions on accountability within the budget process and questions specific to the specified landmark decisions. This research was complemented by analysis of budgetary and other documentation and interviews with relevant civil servants, researchers and donor officials.

A decision was made not to attempt to get a representative sample of MPs. Firstly, recognising that the questions under scrutiny touch on sensitive issues, it was quickly decided that the data collection would have to be through in-depth interviews, rather than using a more quick and dirty questionnaire approach. Considering the time available for the researchers, that did not make it feasible to cover more than about 25 MPs. Recognising the dangers of generalising from a sample of only around 10% of the total (there are a total of 295 MPs), a further decision was made not to attempt random sampling. Instead, efforts were made to identify well-informed MPs, covering the chairs of key committees and also a relative over-sampling of opposition MPs. Of the 26 MPs, 6 were from the opposition and 5 were chairs of standing committees, including key committees such as the Local Authorities Accounts Committee (LAAC), the Finance and Economic Affairs Committee, the Trade and Investment Committee and the committee for Legal and Constitutional Affairs. Also the other MPs selected were known previously to the researchers as having good insight into the
formal and informal processes under investigation. Therefore, whilst it cannot be claimed that the opinions collected are representative of all MPs, the analysis presented in this study is based upon a significant cross-section of the more active and informed MPs.

1.2.2 **Methodological concepts to be applied**

The approach has drawn on the analysis provided in the Inception Report and the Stakeholder Mapping in the following ways:

- A framework to judge the quality of accountability has been established, drawing on the concepts of transparency, controllability and answerability. This will guide the analysis of the budget process in Chapter 2.

- The classification of accountability into four dimensions, namely – horizontal, vertical-electoral, vertical-societal and external – is utilised in order to classify the various forces and constraints under which national MPs and other decision-makers in the budget process appear to be operating. An attempt has been made to reach a judgement on the relative strength of each of these forces of accountability under different circumstances.

- The stakeholder mapping has already identified a number of hypotheses regarding the structure and balance of the different forces of accountability. These were explicitly investigated through the semi-structured interviews with national MPs.

In addition, the methodology has drawn on the analyses that have already been undertaken with regard to the public finance management system and the political economy of accountability in Tanzania. The historical experience of the landmark budget decisions combined with the more general responses of MPs has provided new perspectives on the four dimensions of accountability and their impact on budgetary decision making and political accountability.

1.2.3 **Landmark budgetary decisions**

Five recent budgetary decisions were selected for closer examination. These represent key decisions that introduced significant policy shifts. They have been investigated in an attempt to understand what were the main political forces underpinning their introduction. The analysis of the five landmark decisions serves to connect the qualitative findings of the interviews with real life politics and budgetary decisions.

The landmark decisions investigated are detailed below:

- **Abolition of Primary School fees (2000).** In 2001, the President announced the abolition of all primary school fees. At the same time, the Government embarked on a massive programme for building classrooms, increasing teacher numbers and increasing funding for text-books and other non-salary inputs. The Primary Education Development Plan (PEDP) which provided the framework for these actions, is consistently cited as one of the success stories of Mkapa’s presidency.

- **Abolition of Development Levy for local governments.** In his budget speech of June 2003, the Minister of Finance announced the abolition of the LG Development levy and a number of other LG tax instruments. The decision was subsequently ratified by Parliament. The move was strongly supported by the Bretton Woods institutions and also had the backing of consultancy and research work suggesting that these taxes contributed very little to the financing of LG services and yet as “nuisance taxes” represented a significant disincentive to private sector investment. However, the decision was announced with only minimal consultation.
o **Subsidies for food production in Southern Highlands.** Following the drought of early 2003, a subvention was introduced into the 2003/04 budget to subsidise inputs (especially fertiliser) for food crop producers in Iringa, Mbeya, Ruvuma and Rukwa. This subvention continued to be funded in the 2004/05 budget.

o **Decentralisation legislation for LG budgets and staff.** During the 1995 election campaign trail, the CCM team stated that they had received a strong message from local people that there was a need to improve local services and bring them “closer to the users.” This led to the replacement in 1996 of the Regional Administrations which held executive roles with smaller Regional Secretariats holding purely facilitatory and support roles. It also prompted the initiation of a local government reform agenda. A new Local Government Act was passed in 1999, through which responsibility for staff and budgets for local services (education, health, road maintenance, water supplies, local administration and later agricultural extension) was to be passed to Local Government Councils.

o **Allocation of funds to Poverty Reduction Strategy “priority sectors”**. During the PRS 1 process a set of priority sectors was identified, that were considered central to poverty reduction, namely - education, health, HIV/AIDS, water, agriculture, roads, and governance. However, since the establishment of the priority PRS sectors, a set of secondary priorities has emerged. Thus, in the 2004/5 Budget Guidelines energy, lands, mining, tourism, transport & communications were explicitly highlighted as priorities. The drivers underpinning the pattern of resource allocation provide some insight into incentives and power relations in the budget allocation process.

1.3 **Hypotheses to be investigated**

1.3.1 **Hypotheses emerging from the Stakeholder Mapping**

The mapping exercise conducted through the Inception Report made several observations critical to this component. These hypotheses guided the investigations undertaken in interviews with MPs and in the analysis of landmark budget decisions. They may be summarised in the form of seven testable propositions:

o The Executive exercises a dominant role over budget setting. Indeed, the process of discussion of budgetary estimates by the Parliamentary committees and by Parliament as a whole has frequently been characterised as a mere formality.

o On the other hand, some observers believe that the quality of work by Parliamentary Committees is improving. How far this is true, in which committees and for what reasons are important questions.

o Within the Executive, power is closely controlled by the President, the Prime Minister and a small number of senior ministers in Cabinet. This is reinforced by Presidential powers of appointment and by party structures. A particular implication for the budget process is that Ministers generally have little ability to control and steer their own ministries and their corresponding budgets.

o CCM Party discipline has a very strong influence on voting patterns within Parliament and on the behaviour of MPs within committee and on the debating floor. By contrast, the lack of unity and cohesion across the opposition parties seriously undermines the level of influence they can have within Parliament. It may be these factors, rather than any legislative or informational weaknesses, which most undermine the force of the Legislature.
For many MPs, districts have become the new focal point for attention. This is both because of the necessity to be re-elected and because the flow of resources to districts through the national budget, donor projects and NGO activities permits national MPs to have influence at this level.

As aspects of societal accountability, neither religious organisations nor NGOs appear to wield very much influence over budgetary decision making. Some observers suggest that the Teachers' unions are rather more powerful.

With regard to external accountability, donor agencies enjoy a high level of visibility but have less influence than is commonly imagined. Where donor interests conflict with domestic political interests, the latter will tend to predominate.

### 1.4 The Budget Process in Tanzania

This section provides the necessary background to the budget process in Tanzania. First, an overview is given of the formal process and then a brief summary is provided of the some of the current assessments of the budget process and the formal accountability mechanisms.

#### 1.4.1 Overview of the Budget Process

The Tanzanian budget process is determined by a legal framework, established in the Constitution of Tanzania and supported by the Public Finance Act 2001, the Appropriation Act, the Annual Finance Act, Planning Commission Act 1989 and the Presidential Instrument 2000. Together the above acts outline the roles and responsibilities of the various actors involved at the different stages of the budget cycle. Responsibility for the planning, formulation and implementation stages lies largely within the Executive. Parliament’s role is restricted to the approval of the budget and oversight of budgetary processes. Below we focus on the key activities that are supposed to take place within the four stages of the budget cycle. The financial year runs from 1st July to 30th June.

- **Budget Formulation**: The budget cycle begins with the public expenditure review (PER) and consultations on the macroeconomic framework. Theoretically this review forms the basis of the budget guidelines that are to be issued in December each year. The guidelines are prepared by a Committee which comprises representatives from the Ministry of Finance, Planning Commission, Prime Ministers Office, Civil Service Department and Regional Administration and Local Government. “The budget guidelines lay out the budget strategy and inform Ministries, Departments and Agencies (MDAs) of the macroeconomic framework for budgeting over the medium term; the objectives and focus of the medium term plan, the key spending priorities and programmes; the proposed allocation of resources (setting budget ceilings) by institution and key programmes for high priority sectors over the three years of the MTEF, and instructions for budget formulation”\(^1\). There is a provision for MPs to take part in the PER process, but in practice, this has not taken place. After Cabinet’s approval of the budget guidelines, the line Ministries prepare a budget memorandum, review expenditure priorities and plans, and submit the budget memorandum for scrutiny by the Ministry of Finance in April and by Parliamentary Sector Committees in May.

- **Adoption of the Budget**: The Parliamentary Sector Committees, including the Economic and Finance Committee, are in charge of reviewing budgets and the

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\(^1\) Titsworth, Rutashobya and Mushi (2004)
budget performance of Ministries under their jurisdiction. They are also in charge of reviewing Parliamentary Bills originating from ministries within their remit. The MOF can incorporate recommendations made by the sector committees into the final budget before it submits the budget to Parliament. Reports by the Sector Parliamentary committees and that of the Economic and Finance Committee are finally debated openly in Parliament during the June-August session. The President is empowered to dissolve Parliament in the event the National Assembly refuses to approve the budget proposed by Government

- **Budget Execution:** The MOF is responsible for collecting revenues (through the TRA) and for allocating credit limits consistent with the approved budget. There is a provision for significant budget revisions to be made during the financial year, through virements (transfers within a given sub-vote) which may be approved by the relevant Controlling Officer and reallocation warrants (transfers across sub-votes or votes), that are approved by the Minister of Finance. There are a variety of monitoring mechanisms, most of which focus on the integrated financial management system (IFMS), through which the Accountant General’s Department control expenditure commitments, execute payments and generate financial reports. In addition, there is a poverty monitoring system which reports on the implementation of the PRS, and a public sector performance management system, which tracks the implementation of departmental strategic plans. The Ministry of Finance publishes quarterly Budget Execution Reports to maintain transparency on actual use of public funds in line with the budget estimates approved by Parliament. Unfortunately, these reports tend to be highly aggregated and in a format that is not user-friendly.

- **Oversight and Control:** The constitution authorises the Controller and Auditor General (CAG) to assist Parliament in its oversight role over the budget and spending processes. CAG should determine and report on whether the use of public funds by MDAs complies with the relevant laws and regulation. MDAs must submit accounts and financial statements to the NAO within six months after the end of the financial year. The CAG must produce an annual consolidated audit report within nine months following the end of the financial year. Thus, the CAG’s report is to be submitted to Parliament by March 31 each year and is to be tabled at the next parliamentary session. The Public Accounts Committee and the Local Authorities Accounts Committee have responsibility for scrutinising and responding to audit reports by the CAG.

**1.4.2 Current assessments of the budget process**

The Tanzanian budget process is often upheld as a strong example for its neighbouring countries in Eastern and Southern Africa. There are a number of recent studies describing the Tanzanian budget process and how it has been improved through various public finance management reform initiatives (ODI 2003; Daima Associates Limited/ODI 2004). Key reform elements highlighted are for example the Integrated Financial Management System (IFMS) and the associated mechanism of expenditure control through a centralised payments system. This has dramatically reduced the opportunities for spending public monies outside of the framework of the approved budget. Assessments of Tanzania’s reform efforts and the quality of its public financial management system have generally been positive and have qualified the country for general budget support from a number of multilateral and bilateral donors (Bigsten et al 1999; Rutashobya 2004).

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2 The Constitution of Tanzania (Article 90, Section 2)
There are also critical voices. Some observers have been sceptical about the formal mechanisms for participatory dialogue such as those of the PRSP and the PERs. It is argued that established partnerships and coalitions tend to resemble staged performances in public participation, largely bypassing and undermining democratic oversight institutions such as parliament (Gould and Ojanen 2003).

The recent evaluation of general budget support (Daima Associates/ODI, 2004) emphasised the improvements to the budget system which have been achieved over the past 10 years. At the same time, it pointed to a number of continuing weaknesses:

- The extent to which public expenditure proposals are scrutinised and genuinely questioned continues to be limited – especially with regard to proposals from the PRS priority sectors. The GBS evaluation refers to the relative weakness of the “budget challenge function” within the planning units of sector ministries, the Budget department of MoF and within Parliament. This appears to have negative effects on the quality and efficiency of public spending.

- There is a high level of virement and budget re-allocation during budget execution. Although budget changes follow the requirements of the Public Finance Act, in the sense of being authorised either by virement authorities or by (Parliament-approved) supplementary budgets, they result in a budget out-turn which is significantly different from the originally approved budget, thus diminishing the role of Parliamentary debate and approval in guiding public spending allocations.

- There continue to be weaknesses in procurement processes, which are regularly reported in the reports of the Auditor General. The World bank-led Country Procurement Assessment Review identified a series of procedural changes required to address these weaknesses. These changes are being introduced but implementation has been slow and there are doubts over the extent of Government commitment to these improvements.

- Although accounting and financial reporting for central government spending has improved enormously with the introduction of the IFMS, accounting at the local government level remains very weak and only some 50% of local governments have computerised accounts.

- The process for following up on the recommendations of the Parliamentary Public Accounts Committee is not robust, with the result that corrective actions are not systematically pursued.

What appears from this is that in the Tanzanian system, the Executive enjoys a high level of discretion in budget formulation and execution. Formal mechanisms of internal restraint and external accountability remain weak. The roles of the CAG, parliamentary committees and parliament are critical checks and balances within the budgetary system that need further attention in the ongoing reform process.

Elected leaders in both the executive and the legislature are also supposed to be accountable to the electorate, civil society, other societal organisations and the donor community. This report assesses the strength of the various accountability links and their influence on decision-making particularly in terms of resource allocation. By tracing the formal budget process and comparing it to the realities on the ground as perceived by elected leaders, one gains an insight into informal practices which may support or hinder the formal accountability mechanisms in place. This report also seeks to investigate what replaces the formal checks and balances if they prove to be weak and ineffective.
Some studies have suggested that there are informal practices that are known to have some influence on the budget process. These informal practices and values directly affect the strength of the various forms of accountability within the budget process.

The discussion on the results from the structured interviews with MPs and investigations into the landmark decisions hopes to unpack the relationship between the politics and incentives underpinning decision-making and the ability to hold the decision-makers accountable.

1.5 Structure of the Report

The introductory chapter forms the framework within which this component was designed. The following chapters focus on the findings from the research undertaken in Tanzania.

The subsequent three chapters are organised as follows:

- **Chapter Two** considers the role of Parliament in the budget process. It seeks to evaluate the strength of the accountability mechanisms (both formal and informal) within the budget process with particular emphasis on the role played by the legislature in holding the executive accountable.

- **Chapter Three** investigates ‘What do Tanzania’s elected leaders believe they are accountable for and to whom?’ The interviews with MPs based in Dodoma provide a valuable insight into the relative significance of the four accountability spheres and areas of most concern to voters, parties and leaders.

- **Chapter Four** presents an analysis of the five landmark decisions. The politics behind these decisions are used to throw further light on the how the four accountability spheres impact on decision making in Tanzania.

- **Chapter Five** details the conclusions and presents some policy implications.
2 Parliament and Accountability in the Budget Process

2.1 Introduction
The overview of the budget process in chapter 1 highlighted the importance of the role of legislature in holding the executive accountable for decisions made and action undertaken within the budget process. This chapter reports on the findings from interviews with 26 MPs on their perceived role within the budget process and how effective they believe parliament is in performing its oversight function.

The main responsibilities of a Member of Parliament in relation to the budget process are to:
- scrutinise the budget through the various standing parliamentary committees;
- adopt/reject the budget in Parliament;
- monitor the implementation of the budget and the performance of the MDAs; and
- oversee the use of public funds.

Each of these functions is examined in turn before we conclude, but first we present a summary of the MPs’ assessment of the budget process and their thoughts on whether the recent years have seen any improvements.

2.2 The MPs’ overall verdict on the budget process
Nearly all MPs interviewed are not satisfied with their involvement in the budget process. Two thirds of the MPs feel that the Tanzanian Budget Process is weak or less than satisfactory and that the process needs strengthening. Whereas 9 MPs feel that the budget process is broadly satisfactory but could do better.

Figure 1: How would you rate the Tanzanian Budget Process as a whole?

Despite the general dissatisfaction with the budget process and the desire for change, over half of the MPs interviewed recognise that there has been a marginal improvement in the budget process over the past five years. A further 7 MPs believe that the budget process is significantly better than it was five years ago. One MP explains that previously committee members were just informed of the budget, in the last two years they have been more deeply involved.
Figure 2: To what extent have there been any changes over the past five years?

The following sections highlight in more detail the MPs views and experiences of the budget process.

2.3 **Budget Formulation**

“**MPs do not have enough information on the budget details, such as how and why decisions are made in the way that they are. I fish out information from my network of people through informal channels.**”

2.3.1 **Setting priorities and influencing resource allocation**

As can be seen from the summary above, two thirds of the MPs interviewed are not satisfied with their involvement in the budget process. One of their main complaints is their lack of substantive involvement in budget formulation. They believe there is very little consultation with Parliament about decisions on political priorities and resource allocation. Nearly all the interviewed MPs observed that by the time the budgets reach them, all the major decisions have already been taken and there is only limited space for adjustment. A commonly raised frustration is that there is no effective mechanism for MPs to address their priorities at the local and national level.

How involved parliamentarians should be at the budget formulation stage is a controversial issue. Discussions with several technocrats reveal that they believe parliament should have a restricted role in budget formulation and that this disengagement allows them to perform their oversight function in a more independent manner. A number of MPs also acknowledged that there should be limits to the involvement of Parliament in the early and more technical stages of budget formulation. Even if they recognised the rationale for the technocrats to do detailed preparation of budget proposals, however, they also criticised inadequate transparency towards Parliament regarding the policy directions underpinning budget decision. The failure to support decisions with reasonable arguments and evidence undermines Parliament’s ability to hold the executive accountable. This inadequacy in transparency also encourages parliamentarians to use their informal channels to obtain information and in the same vein to exert influence on resource allocation. Simply put, those

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3 Unless otherwise noted, all quotations given in this study are from the interviews with the MPs in Dodoma in April and Dar es Salaam May 2005.
Values, incentives and power relations in the budget allocation process

MPs who hold stronger relationships with the more influential individuals in the executive are more likely to be heard than those who do not.

There are opportunities for MPs to attend consultations and seminars of the various reviews of government policies and performance such as the annual Public Expenditure Review. However, in reality very few MPs have participated in these consultations. According to the Vice President’s Office (VPO), MPs contributed the least from all stakeholders involved to the consultations held in preparation of the National Strategy for Growth and Reduction of Poverty (NSGRP) from all the invited stakeholders. Whereas the Constitution empowers Parliament to “deliberate upon and authorise any long or short term plan”, neither the NSGRP, nor the PSRP before it, were submitted to Parliament for approval.

If they do not play a significant part at the policy level, are there other ways in which MPs seek to influence the allocation of resources? One common answer to this question amongst the MPs interviewed is that they first approach the minister responsible for the concerned sector on the basis of strong personal relationships. If this proves to be ineffective they would approach the private sector or donors. While in recent years many donors have preferred to channel funds through the MOF, there are still some donors who respond to requests made by MPs. It was also interesting to note that MPs referred favourably to donors who have a stronger preference for supporting locally based projects, Japanese aid got by far the most favourable mention in this respect.

2.3.2 Access to and quality of information

As noted above, access to information is an important prerequisite for MPs to hold the Executive accountable. It appeared from the interviews, that MPs would have liked to see Government take a more pro-active approach to share budget information with parliament. At the macro level this would include information on the budget guidelines and the MTEF. The budget guidelines were placed on the Ministry of Finance’s website for the first time last year. Many MPs claim that they do not have access to the internet, are unable to download the document and/or are not able to understand the content of the document. Moreover, not all MPs are aware that these guidelines exist. Several MPs also claimed that if they had access to the outer year projections i.e. the MTEF, they could influence decisions over the three years rather than make recommendations for the coming year where there is strong likelihood that they will not be taken on board.

It is clear from the interviews conducted that the budget cycle is not well understood by all stakeholders. A parliamentary technical support programme (implemented by SUNY and funded by DFID and USAID) has undertaken a capacity building project to inform parliamentarians about the budget process. The 2004/05 budget guidelines were distributed to the Finance and Economic Affairs Committee and chairs of all the standing parliamentary committees. The programme also encouraged the MoF to hold two seminars in 2004 to discuss and explain the guidelines to these MPs. The seminars were not part of the formal process and were not open to all MPs. There are plans to disseminate the budget guidelines to all MPs. According to the formal budget calendar, the budget guidelines should be released in December; however, delays often mean less time for Cabinet to deliberate over

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4 These findings were backed up by the Director of the SUNY parliamentary technical support programme, who stated that poor access to and use of relevant information are among the most significant constraints on parliamentary oversight (interview with Donna Bugby, April 2005, Dar es Salaam.

5 Interview with key civil servant, Dar es Salaam, April 2005
the guidelines and a higher risk that Cabinet's approval is a mere formality. If the Parliament was to be more involved in forming the budget guidelines, the time frame would probably have to be revised.

Contrary to several MP’s beliefs, the proposed allocations to the ministries reviewed by each Committee are presented in the MTEF format and include a covering memorandum. In fact the sector memoranda are easier to follow than the budget book itself. However, the outer years receive little emphasis during presentations made by ministers as many of the questions are focused on the coming fiscal year. The fact that several MPs argued for access to the medium term framework at a macro and sectoral level suggests that they do not receive this information, do not understand it or simply do not read all the documents they have.

Many of the activities involving the dissemination of information have been led by external actors such as the parliamentary technical support programme (implemented by SUNY/CID and funded by DFID and USAID). Information on new policies, bills, the budget and internal communications are not provided on a systematic basis and do not allow enough time for consultation at constituency level. Although instruments, such as the Parliamentary website exist, they are not very practical and do not result in better communications between the Speaker and MPs. Priority is not given to ensuring the MPs have all the information they need, resulting in unprepared MPs and in turn poor quality involvement.

In summary, the major issues at the budget formulation stage are that Parliament intervenes relatively late in the budget process and that there is a lack of transparency surrounding decisions of resource allocation. If all parliamentary committees were to have access to and were able to understand the budget guidelines and the MTEF proposals they would be better informed to carry out their oversight function later on in the cycle. In addition, MPs need a better mechanism to be a part of the debate on political priorities and resource allocation. It is not clear whether involvement in determining the budget guidelines would be the best way to address this concern.

2.4 Budget Adoption

“Last year the committee visited local and district courts. Many of the courts were in a very bad condition. Too few resources are allocated to the courts and we suggested that the Government should make a plan. We contacted the Minister. It was particularly one court that was in such a bad condition that some action had to be taken – some resources had to be allocated to that court. The committee did not approve the budget. The Minister cannot present the budget if the sectoral committee does not approve it. The speaker cannot put it on the agenda if the committees have not approved the sectoral budgets. In most cases we will try to work out a compromise. In this particular case some resources were actually transferred to build a new court. The Minister also promised that a Development Plan for the courts should be in the budget for the coming year. In this case we will have to wait until June.”

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7 Interview with key civil servant, Dar es Salaam, April 2005
8 Interview with Donna Bugby, Parliamentary Technical Support Programme (implemented by SUNY/CID and funded by DFID and USAID), April 2005
2.4.1 Budget calendar and time to scrutinise

The above extract highlights the extent of influence an MP can have on reallocations within a vote through their committee work. In general, many of the MPs interviewed emphasised their dissatisfaction with the depth of committee work prior to the approval of the budget. There was a great deal of frustration over the time that MPs have available to scrutinise budget proposals made by the relevant ministries and how close this session is to the tabling of the budget in parliament. At least 50 per cent of the MPs argue that two weeks is an inadequate amount of time to scrutinise the budget and that this prevents them from digesting and understanding all the information and fully engaging on the issues. Opposition members of parliaments in particular mention that few MPs challenge the budget.

The short period of time between the committee work and the tabling of the budget means that in reality very few recommendations made to the ministries are taken on board for the coming financial year. Moreover, the recommendations taken into account tend to be technical in nature. Most of the recommendations in relation to the broader context of priorities and policies are likely to be considered for the following budget year. In addition, MPs complain about the lack of feedback from the MoF on the recommendations they have proposed. As a result, some MPs feel they cannot take the process seriously and their involvement is merely to “rubber-stamp” the budget. The process of adjusting allocations under each vote occurs until the tabling of each vote in Parliament, which can be anytime during June to August. This further obscures the process.

2.4.2 Committee structure

The above concerns notwithstanding, there is an appreciation that the situation has improved in the last few years, especially since the creation of sectoral committees. MPs believe this is positive change which has improved performance by separating the work of scrutinising the budget previously undertaken by the one committee to 13 standing parliamentary committees each with a specific area of expertise. Furthermore party whips do not operate at Committee level. Whether this has allowed free debate and discussion, resulting in independent challenges to the budget is not clear. The three-line whip is applied in respect of approving the annual budget as disapproval of the budget results in a vote of “no-confidence” in the government, which would dissolve the house in order for a new general election to take place.9

Challenging the budget has been constrained by the tight budget schedule, lack of user-friendly information at an early stage of the budget cycle, the poor technical capacity of many MPs, weak research support and the little scope parliament is given to change the budget. This supports the hypothesis in chapter 1 that the extent to which public expenditure proposals are scrutinised and genuinely questioned in Parliament continues to be limited.

2.5 Budget Execution

“Discipline over spending has improved. Although 100% of expenditure is not tracked, it has improved over time, allowing for a greater accountability link. Information has improved due to IFMS, however MPs cannot interpret it as they are not all number literate. The information needs to be more user-friendly.”

“There are considerable reallocations and readjustments of the budgets. Allocations in the budget are not binding, so it is very easy for the Ministry of Finance to claim

9Msekwa (n.d.).
that it cannot meet some of the allocations as there is a shortage of funds, hence the numerous readjustments. They have agreed many times never to reallocate.”

One of the positive signals conveyed was that the capacity of government institutions to manage public resources has increased. Even so, many MPs still do not feel they have enough information to track the disbursement of funds. They also believe that much more can be done in ensuring that public funds are spent properly.

2.5.1 Budget reallocations

The ability to track funds is also hindered by the considerable reallocations and readjustments within the budget. As a result some MPs do not consider the allocations in the budget to be binding, and feel they are largely at the discretion of the Ministry of Finance. They also claim that there is not enough information or justification on these decisions. Therefore it is very difficult to assess the credibility of these reallocations and adjustments.

Figure 3: A comparison of the percentage differences between revised and approved budget for recurrent expenditure by vote and actuals and revised budget for recurrent expenditure by vote in FY04. (Source: Accountant General)

Reallocations are consolidated quarterly, following a request by the MDA and approval by permanent secretary of the MoF. In 2003/4 the absolute value of budget reallocations between votes on the recurrent budget was 33%. From Figure 6, it is evident that there is much higher degree of variation between approved and revised budgeted expenditure than between the revised budget and actual expenditure. In most cases the variation between revised figures and actual expenditure is minimal and the differences arise exclusively from

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10 Two significant outliers, the revised allocation to the electoral commission (1071% difference between revised and approved expenditure) and the large under spending on investment promotion (-48% difference between actual and revised expenditure) were omitted in order to depict all other variations clearly.
under-expenditures. This suggests that expenditure control is effective but that expenditure restraint is exercised within the context of a continuously expanding budget, where budget re-allocations play a major role and the role of Parliamentary debate and approval in guiding public spending allocations is thus diminished.

One of the major causes of budget reallocations is that a large part of the recurrent budget remains unallocated at the time of budget approval, allocated to “special expenditures”, that are retained under the Ministry of Finance vote.11 A good proportion of this allocation is dedicated to wage bill adjustments. Bringing forward decisions on salary increments and on recruitment targets to an earlier stage in the budget process might eliminate the need to finance wage bill increments through re-allocations and would improve control of staffing and the wage bill. Another reason, cited by one MP, is that the short period between committee work and the tabling of the budget does not allow sufficient time for all the necessary recommendations to be addressed prior to budget approval. The MP argues that as a result, only 20% of budget reallocations are made on the advice of MPs through committee work and the outstanding adjustments need to be completed during the year.

2.5.2 Monitoring mechanisms

Common criticisms about audit reports are that they are “post-mortems” that are presented too late to have an impact on implementation. The delay also makes disciplinary action more difficult, as evidence is more difficult to attain the more time passes, especially if the suspected offender has since been transferred. Many MPs stressed the need to invest more in value for money audits, observing the Auditor General has so far not been mandated to conduct these. In this context, a number of MPs made favourable mention of monitoring trips conducted by their respective committees to inspect projects. They stated that this practice has been made possible in the last year due to a new allocation for this purpose to the sector committees. They saw this as an important element of doing value for money audits and recommended that the committee allocations for monitoring trips be further increased.

The MPs made little mention of any use of the Budget Execution reports or other monitoring outputs published throughout the year, which can be used as preventative tools. Some of them did acknowledge the availability of financial reports issued in the course of the year, but stated that these were not user-friendly and extremely difficult to interpret for non-experts. This is hardly surprising, seeing that the IFMS are bulky machine printouts, which often lack descriptive narratives.12

Public Expenditure Tracking Studies are carried out, although infrequently and have not been used effectively in the past (Sundet 2005a). There are also the public expenditure reviews which have been criticised for being predominantly focused on inputs rather than linking inputs to outputs. Ideally these performance monitoring tools should be used by parliament to contribute to the debate on the efficiency of inter and intra sector allocations.

2.5.3 Procurement

The MPs expressed concerns over an overall lack of transparency in procurement processes, with many stating strongly that the Government incurs significant losses due to


12 Interview with advisor to the Public Service Management department of the President’s Office. (It should be stated, on the other hand, that the MoF’s quarterly budget execution reports are deliberately aggregated and simplified from the IFMS print-outs and do include narrative commentary. Nevertheless, many MPs do not consider these user-friendly either.)
corruption and unnecessary expenditures. Nevertheless, some MPs feel that the Public Finance Act and the Procurement Act have improved accountability, while acknowledging that there is still a long way to go to ensure that individuals are aware of their roles and responsibilities, the legal framework they are bound by and the penalties that are imposed for working outside this framework.

2.6 Oversight and Control

“Auditing is still weak. The CAG presents his report which is not very user-friendly and the committee has little support when it comes to scrutinising the report. There is no real and independent discussion on the report. There is a lot of corruption and mismanagement of funds. LAAC and PAC can in theory penalise officers, but do not have the powers to take action. In most cases the individuals will get away.”

2.6.1 Technical capacity, research and resources

In general, parliamentarians see the limited time available for committee work as one of the primary obstacles to performing their duties well. A lower than expected number of MPs stated that the lack of research and technical support was a major barrier. 7 MPs out of the 26 MPs interviewed put forth the opinion that they do not have the support they need to perform their oversight role in an effective and efficient manner. Firstly, there are not enough resources to allow them to carry out project visits to monitor implementation of planned activities by government. Secondly, they need more research and technical support in their committee work. Furthermore, 20 per cent of the MPs also complained about the tight budget constraint which Parliament needs to respect. One MP states that MPs tour national projects at the courtesy of the respective ministries, because Parliament is not allocated a sufficient budget for those purposes. Parliament receives its funding through the Prime Minister’s Office vote of the budget. MPs argue that the dependence on the Executive for funding constrains their ability to act independently and objectively. As argued by one MP, as far as operations and financing is concerned, “Parliament functions as a department of the Prime Minister’s Office.”

Many MPs struggle to understand the nature of the budget process and were not aware of all the complexities of putting a national budget together. There is a clear need for a systematic approach to training MPs on the budget process, providing user-friendly information on a regular basis and in general a greater deal of transparency surrounding the activities of the executive.

In the past, only few of the MPs serving on the committees had the professional backgrounds and skills required to scrutinize the CAG’s reports, but their expertise was further weakened by the arrangement whereby committee membership only lasted for one year\(^{13}\). A proposal has been accepted by the Speaker to change the normal term of the standing committees to five years to help strengthen institutional memory on the various sectors.\(^{14}\)

2.6.2 Audit Reports and recommendations

The activities of the PAC and LAAC are key areas identified by 20 per cent of the MPs as having significantly improved over the past five years. Despite this confidence in the

\(^{13}\) Rakner and Wang, March 2004

\(^{14}\) DAIMA/ODI (2004)
Improvement in capacity and performance of these two committees, there are still a number of obstacles that hinder their progress.

Introducing debate on audit reports in the last Parliament was welcomed by many MPs, but acting on the findings of the CAG reports has proven to be difficult. The main concern raised by the interviewed members of PAC and LAAC is that little or nothing is done when it is reported that there is a failure to account for funds. The same faults are detected every year with very few sanctions or punishments imposed. The PAC and LAAC are unable to follow up and enforce action by the executive on audit observations and queries.

The committees have the possibility to go deeper into issues in the audit reports by means of establishing select or probe committees to conduct inquiries. Some MPs mentioned that the requests to establish these committees are not always met depending on the availability of resources and the matter to be investigated. Moreover, it was highlighted that following investigations into controversial issues the Speaker has used his discretion to delay the tabling of the reports in Parliament, sometimes by more than a year or even indefinitely.

These findings are supported by a number of other studies. Efforts have been made to improve the timely release of the audit reports, but the reports are still presented to Parliament approximately 15-17 months after the end of the reporting period. The NAO is not able to fulfil their assigned tasks due to lack of finances, infrastructure and human capacity. The NAO submits audit reports to parliament through the MOF. By not reporting directly to parliament, reporting procedures deviate from international standards. Moreover, a study of the national audit reports submitted to parliament in Tanzania showed that almost 90% of the qualified audit opinions reviewed lacked a proper explanation of which audit observations had led to the qualified certificate/opinion.

The PAC has completed its review of the 2002/3 auditor general's report and has tabled the PAC report with the Speaker. Both the 2001/02 and 2002/03 PAC reports are still to be debated in parliament. Several MPs complained about the discretion enjoyed by the Speaker of the House on the tabling of committee reports in Parliament, thereby delaying the process by as much as a year. This is particularly serious, given that the PAC committee meetings take place in camera. There is a feeling that the Speaker is biased to the interests of the Executive.

Follow up actions are recommended by Public Accounts Committee (PAC) and the Local Authorities Accounts Committee (LAAC) in their reports. Responsibility for these follow-up actions falls under the Minister for Finance. However, despite recommendations an effective follow up is lacking. The lack of enforcement of penalties and punishment act as a major disincentive to the PAC and LAAC. Our interviews with MP suggested that there is limited political will to punish non-compliance. One key reason offered by our respondents was the fine line between the party and the executive and the weakness of the legislative as a collective voice against the two. One MP also asked, "how many can we punish if there are so many of them?"

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15 EC Delegation, November 2004  
16 Rakner and Wang, March 2004  
18 In 2003, only 23 of 5189 reported cases of corruption were prosecuted (Kelsall et al. 2004)
2.7 **Concluding Summary**

There are a number of factors militating against effective scrutiny by standing Parliamentary Committees or indeed by Parliament as a whole. In general, MPs believe that there has been a marginal improvement in the budget process over the past five years, especially due to more information, greater opportunity for involvement by MPs, the change in structure of the committees, support provided by donors and improved capacity especially in the work of the PAC and LAAC. However they argue that much more needs to be done at each stage of the budget process to ensure parliament is an effective accountability mechanism.

- The extent of understanding of budgetary and public expenditure issues amongst Parliamentarians is relatively limited. This is worsened further by the weak research support, limited resources and poor quality information.
- There is inadequate *transparency* over how and why decisions are made, especially with regard to budget reallocations. Information such as the budget guidelines do exist but are not always accessible or easy to follow. This hinders MPs ability to understand the justification behind certain decisions and in turn evaluate performance. Moreover due to the limited role parliamentarians play in setting priorities and the perceived lack of influence over decision-making, there is no sense of ownership of resources. As a result any attempts to seek accountability are prescriptive rather than through political will and desire.
- The monitoring of activities, the publication of reports and the implementation of legislation does not easily translate to the real oversight of performance and not least to the management of performance. There is a limited evidence of *answerability*, whereby decision-makers are obliged to justify their decisions publicly so as to substantiate that they are reasonable, rational and within their mandate.
- There are considerable delays in receiving audit reports and tabling recommendations based on the audit reports in parliament. These delays prevent the PAC and LAAC from gaining momentum and ensuring that the recommendations are pursued. Furthermore, punishment for non-compliance is not pursued or enforced, and as a result acts as major disincentive to the work of the MP and the CAG. Individuals need to be prosecuted for wrong doings as specified by the various laws in place. In terms of the third criteria of accountability, *controllability*, there are mechanisms to sanction actions and decisions that run counter to given mandates and procedures. They are just not adequately used. As a result these mechanisms are largely redundant and Parliament, as a check on the executive, is made ineffective.

In conclusion, Parliament’s role in holding the executive accountable is currently not very effective. The formal measures to enforce accountability may be in place, but often the spirit of their intent is lost to the mechanistic approach in which they are applied. MPs need the right incentives to perform their duties, along with the necessary information and resources and a signal and commitment from the political leadership to demonstrate that accountability is important.
3 What do Tanzania’s elected leaders believe they are accountable for and to whom?

3.1 Introduction

This chapter focuses on how Tanzanian parliamentarians assess the relative significance of the four accountability spheres outlined in Chapter 1. The first section examines how parliamentarians perceive horizontal accountability, that is accountability across the institutions of the state, although the main focus is on the accountability linkage between the parliament and the executive. The second section looks into the vertical-electoral accountability linkage, which seems by far to be the strongest among the four. Vertical societal accountability is discussed in the third section, the fourth section assesses parliamentarians views on external accountability.

3.2 Horizontal accountability

“The balance of power is certainly not right.”

The horizontal accountability link refers to the checks and balances that are expected to be provided by intra-governmental control mechanisms. Principally this refers to the mutual controls imposed by the three branches of Government - the legislature, the executive, and the judiciary. It also refers to the special institutions of restraints such as the auditor general’s office, anti-corruption commissions, human rights commissions etc.

Figure 4: Overall, do you feel that the system of accountability works well? Are checks and balances effective?

![Pie chart showing the distribution of responses to the question of system of accountability.]

The MPs’ overall assessment of the system of accountability is summarised in Figure 4. As, can be seen, a large majority, 18 out 26, consider the existing system of checks and balances to be “very weak” or “not satisfactory”. Whereas 8 Parliamentarians assessed it as “broadly satisfactory,” although these also noted that there is a need for further strengthening. The MPs’ assessment of the relative strength of the three branches of government gives a clear indication that they consider executive dominance to be the key factor undermining effective checks and balances, as illustrated in Figure 5, below.
As can be seen, a large majority, 22 of 26, consider the Legislature too weak, and a significant majority, 16, also considers the Judiciary too weak. It is also relevant to note that the two MPs who thought the Executive was too weak, also gave the same verdict to the Legislature and the Judiciary, stating that all formal institutions in the Tanzanian Government were weak and personalised. As we saw in the previous chapter, the budget process offers a good reflection of the larger policy cycle and parliament’s marginal role in holding the executive accountable in the budget process is replicated when assessing parliament’s overall accountability function vis-à-vis the Executive. Qualitative interviews with MPs suggest that both formal and informal mechanisms hamper the overall system of accountability.

3.2.1 Formal mechanisms hampering accountability

Tanzania’s system of government is a mixed parliamentary/presidential system. The Executive holds excessive powers and exercises great control over all institutions of restraint including the parliament. All members of the oversight bodies are appointed by and report to either the President or the Cabinet, which in itself reduces their independence. A majority of the parliamentarians believe that the members of these oversight bodies should be approved by parliament. Furthermore, reporting should be directly to the National Assembly, which would enhance transparency and controllability.

Many MPs see the separation of power as a key issue. The Cabinet consists of as many as 27 Ministers and 17 Deputy Ministers, complicating the Parliament’s oversight role. The fact that the Ministers are also Members of Parliament was perceived to undermine its accountability functions in general, and answerability and controllability in particular. A number of the MPs interviewed referred to this as an extensive problem of parliamentary oversight: “Whom do Ministers swear their allegiance to? The executive or the legislature”? In addition, the Cabinet is only partly subject to the confidence of the Assembly. The Assembly can only vote on their confidence in the Prime Minister, and not in Cabinet Ministers. MPs allege that this undermines parliament’s accountability function and should therefore be changed. Statements like “the Ministers should not be members of Parliament” and “Parliament should have the powers to remove a Minister” were common. Our interviews indicate that the MPs explicitly and implicitly include the “bureaucrats” or “technocrats” when they refer to the Government: As key civil servants are appointed by the President, senior
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civil servants are part of the Government and may be subject to the wishes of the governing party.

The parliament’s oversight function is also perceived as being at the discretion of the Prime Minister’s Office that manages the budget of the Parliament. As an alternative, the MPs hold that the funding of Parliament should be provided through an independent vote. Currently the Parliament does not have the powers or resources to employ the number or type of staff that they deem is required to carry out their oversight function. Linked to the question of capacity, most MPs found the number of and the length of the parliamentary sessions as inadequate. There are four sessions per year, with three of them usually only lasting for approximately 10 working days. The budget session lasts for about 40 days. After the sessions the majority of the MPs return to their constituencies and do not have the chance to follow up on the government’s daily work. Many MPs see this as an impediment to their control function.

Several MPs referred to the role of the Speaker as a major impediment to their oversight function. The Speaker of the House was viewed by a number of the MPs interviewed as a representative of the Executive, playing a role which was undermining the independent role of Parliament. Recurrent problems referred to are his powers to set the parliamentary agenda and his strong allegiance to CCM. Our interviews suggest strongly that the Speaker is perceived as a conservative force within the political system.

Thus, formal mechanisms were considered by the MPs to undermine the oversight functions of the National Assembly. Interestingly, a number of MPs held that the introduction of multiparty democracy had not contributed to strengthening the parliament’s check on the executive.

3.2.2 Informal mechanisms hampering accountability

Our interviews suggest that two informal mechanisms governing the behaviour of the parliamentarians in particular contribute to executive dominance over the legislature: party caucuses and the British legacy of the three-line whip. Party discipline in CCM is very strong. As many MPs state; if you don’t follow the party line, you will lose your seat. Party caucuses dominate the behaviour of the MPs and are instructing the MPs on how to vote especially on sensitive issues. As one MP put it: “how can you hold the executive accountable when the party caucus tell you how to vote?” It is claimed that party discipline is similarly harsh within the opposition parties.

Strong party discipline may undermine the accountability functions of the parliament. One MP suggested that once elected the MPs should be given full autonomy to represent their people’s need. Several MPs alleged that the greatest challenge to get the balance of power right is party intervention. One MP even asserted that the “legislature has no freedom”, and it is difficult therefore to hold the executive accountable.

Some MPs felt that party discipline has become even stronger after the one-party system was abolished in 1992. Since the opposition has never controlled a large share of the seats, at first glance this may seem rather peculiar. CCM has had the advantage of incumbency and has manoeuvred a very slow and gradual political democratisation process to its own benefit. Still, it is claimed that party caucuses took the potential competition seriously, and hence strengthened party discipline. As a result, a number of MPs claimed that debate in Parliament has become even more servile than what was the case prior to multi-partyism.

At the same time, it was held that with regard to important political decisions, not even the Party is strong, with decisions being taken by a small group of Ministers close to the President. One MP said that “even party politics are personalized”.

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Another factor that is perceived to undermine the role of parliament is widespread and escalating corruption. Some MPs believe that a pay-rise for MPs may contribute to counteract such malpractices. Others are pointing to Kenya where MPs are paid significantly more than in Tanzania and corruption is no less prevalent.

3.2.3 **Lack of knowledge and resources**

Other important factors contributing to a marginalisation of the parliament are related to lack of knowledge and human resources. One MP argues that the MPs need to be educated so as to enhance the general awareness of their role: “As parliamentarians we have denied ourselves the right to play a role. We are passing things without knowing what we are doing.” Another MP claims they could have an impact if they knew how to change the Standing Orders. Many MPs assert that the parliamentarians need to be properly trained, as many of them do not understand their functions.

The Constitution defines the two basic roles of the MPs as: i) Oversight and ii) Advising the government. But as one MP maintains, an analysis of the records of the parliamentary sessions (Hansard) will reveal that “the MPs have lost sight of their oversight functions and largely perceive their role as advisory”. In this sense the MPs may partly have denied themselves the opportunity to play a role. In addition, the MPs are poorly equipped and do not have a sufficiently trained support staff, which is also seen as an impediment to parliament dispatching its duties.

3.2.4 **MPs on the judiciary**

On the role of the judiciary the views diverge, but as seen in the summary findings presented above, a majority of MPs consider that the judiciary is too weak in relation to the Executive. The upper echelons of the judiciary is seen to be more independent than the lower echelons of the judiciary. This is to a large extent tied to the issue of resources and institutional setting. One MP claimed that District Magistrates were accountable to District Commissioners, and that this undermined their autonomy.

The fact that the Cabinet appoints judges is also perceived as undermining the independence of the judiciary. It is believed that practice should be altered. One MP also raises the concern of financial independence, as the judiciary does not have a separate budget vote, but receives its funding through the budget of the Ministry of Justice and Constitutional Affairs, which in his opinion means that “the judiciary is treated as a department under the Ministry of Justice.”

A dissenting voice by one MP, on the other hand, states that “the judiciary is strong enough and corrupt enough.” The same MP also added that he found the judiciary to be too “anti-establishment,” meaning that whenever the Government was sued, the courts would find against it “in 95% of the cases.” This may also be a reference to a number of recent cases where the courts have nullified laws passed by Parliament. It may be added, however, that where legislation has been deemed to be unconstitutional, the Government has frequently been able to undermine the Court’s rulings, by amending the relevant laws or even, on occasions, by amending the Constitution. For example in the 1999 case, where the Court of Appeals ruled the ban against independent candidates to be unconstitutional, the Government presented constitutional amendments to the Parliament which specified that only candidates nominated by political parties could stand in elections (ARD 2003).
3.2.5 Summing up

Our interviews with parliamentarians suggest that both formal and informal mechanisms impede the legislatures’ ability to perform its oversight function. The interviews confirm the hypothesis that the Executive, the President and a small number of senior ministers closely control power. This conclusion is reinforced by the Presidential powers of appointment and by the party structure. The interviews have also confirmed the hypothesis that CCM Party discipline has a strong influence on voting patterns within Parliament and on the behaviour of MPs.

Another hypothesis was that the lack of unity and cohesion across the opposition parties seriously undermines the level of influence they can have within Parliament. On these issues our investigation came up with slightly divergent findings. Even when the opposition parties unite it is believed that they do not exert much impact, partly because they are only holding 12 per cent of the seats in the house. Moreover, it is argued that lack of information, capacity and knowledge undermines the oversight role of the parliament. Our findings suggest that the marginalisation of the Parliament is related to the fact that the Executive has few incentives to let parliament serve its lawful role. As one MP puts it: “The supremacy notion of the Parliament is not really recognised”.

3.3 Vertical electoral accountability

“It is the voters that sent you to Parliament. You have to deliver. I have to commit myself with all means to help them given the resource constraints that I am facing. I am their messenger.”

“The constituencies have the expectations that their MP will help them solve day to day difficulties. But this is partly our own making because we go around making these promises during election time!”

“The expectation of the people is what you do in your constituency; they have very little appreciation of our legislative role in the House.”

“Accountable to the electorate? I am an employee of the Party!”

Electoral accountability refers to the relationship between citizens and their political representatives. To what extent do elected leaders in practice feel that they are accountable to their constituency and constituents once they are elected? The budget process presents the MPs with an avenue to influence budget allocations so as to address the needs of their constituents. This clearly marks their view on representation and influences the roles MPs play in Parliament. This role orientation is, however, combined with strong loyalty to their party while in Parliament.

3.3.1 MPs’ views on representation

In the interviews, the MPs claim that they feel very accountable to their constituencies. As several of them formulate it, good and committed MPs are always accountable to the voters, since it is the voters that have sent them to parliament. It should be noted that the interviews for this report were conducted during an election year. It is therefore likely that the MPs were particularly aware of their obligations vis-à-vis their constituencies.

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19 This comment was made by one of the MPs outside the more formal setting of the interviews.
However, MPs also feel accountable to their respective parties. Several MPs assert that party caucuses expect them to be first and foremost representatives of the party and only second to their constituencies. Many MPs remind us that once elected the voters have no further powers for 5 years, while the parties can expel wilful members. All MPs are therefore in practice at the mercy of their parties. If a party is not content with an MP, s/he may be in danger of losing his/her seat. The ban on independent candidates standing for elections and the law against crossing the floor in Parliament are pointed to as factors further strengthening the position of the parties. The role as party representative seemingly takes precedence in cases where the MPs experience conflicting role orientations.

A measure of whether MPs really feel accountable to their electorates is whether they feel obliged to do what the voters want. A majority of the MPs assert that to a great extent they have to fulfil voter’s requests, whilst some feel less bound. One MP claims that he has to strive to fulfil the needs of its electorate by all means available. This view garners much support among the parliamentarians. Other MPs assert that the parliamentarians operate with a mandate, and hold that they face economic constraints as to what they can accomplish. Moreover, as one of them maintained: “Not everything is the responsibility of the MP”. However, many feel that the electorate does not properly comprehend such restrictions.

Do the voters know what they want? Many MPs claim that the voters seem to have a clear notion of what they want. The voters expect the MPs to address their local problems. However, it is seen as somewhat problematic that the voters’ requests often are related to short-sighted wishes and personal needs. Voters’ demands usually derive from their daily experiences and “when you have done one thing, they will approach you asking for more”. It can be difficult therefore to justify resource allocations to e.g. school constructions to poor or sick people. For example, the MP will have to explain to poor or sick constituents that constructing a school in the district will indirectly benefit them through the education of their children and will also benefit the local community as a whole. Many MPs feel that even if voters are exceedingly aware of their immediate needs, the parliamentarians have to educate the electorate and make them understand that some projects are important and have more of a long-term output.

A few MPs claim that the voters are holding them accountable on the basis of its party manifesto and assert that party identification is stronger in some districts and obviously among some voters than others. However, it is widely agreed that at the end of the day voters do first and foremost judge MPs on the basis of personal performance. Generally, the voters assess to what extent the MPs have managed to improve their livelihood. As argued by one MP: “The voters vote for the person they need”. The fact that poor and ill-informed voters tend to vote for a person that can fulfil their needs and their preferences as they are experienced from day to day contributes to short-sighted and populist politics. Some MPs even characterise themselves as a direct “messenger” that serve the personal needs of their voters instead of fulfilling election promises. One of the MPs primary roles in the distribution of scarce resources through the budget process is thus to secure and ‘bring tangible benefits’ to their constituents.

In what ways are the MPs trying to fulfil the requests of their constituents? The MPs employ different strategies, but a general pattern is discernible: Above all it seems to be essential to attract as many resources to their own constituency as possible. This seems particularly important in rural areas, where many voters will have a more personal relationship with their MP. Hence his/her achievements will be more transparent.

Most MPs find it difficult to attract additional resources to their voters through formal channels. It is seen as difficult and even unnecessarily cumbersome to argue for more substantial allocations to particular issues or districts during the work in the committees.
Besides, as is argued in the subsequent chapter, only minimal changes can be made in the budget. In addition it will take more than a year before the resources will be available. Therefore, MPs often use their networks of people and approach them in an order that is most beneficial to him/her. As one MP states: “If you don’t have the right networks, it is going to cost you”. In other words, you may be in danger of losing your seat.

Since formal channels are not perceived as effective, the MP reported that they spent much time on informal lobbying. A first move may be to approach influential Ministers in the Cabinet and try to convince them to allocate resources to the constituency of the MP. If this strategy fails, or as a supplementary strategy, the MPs may then try to lobby other MPs, “friends”, business community, banks, investors, etc. Many MPs claimed that in order to “survive” as an MP you will also have to spend some money from your own pocket.

Another source of resources reported by the MPs interviewed was donor funds. Many MPs seem to rely heavily on donors or on international NGOs in order to please and meet expectations in their constituency. They claim that it is essential to be on good footing with the donors and know how to produce project proposals. When asked to specify certain donors, the Japanese Embassy was singled out as particularly forthcoming and generous when it comes to developing and financing projects initiated by MPs. Partly for these reasons, many MPs prefer project aid to general budget support. Moreover, both CCM MPs and members of the opposition claim that the government misallocates a lot of resources and that it is easier to control and evaluate projects than the output of budget support.

**A window on MPs soliciting funds:**

*Opposition MP:* “We write our own project write ups and I spend a lot of time soliciting funding from overseas sponsors. This is a big part of my job, we initiate projects, do project write ups, then I write to international charities based on addresses in the International Directory that I subscribe to. No, we rarely go to donors in Tanzania to solicit funds, they have specific areas and specific sectors they are interested in funding and this does not often fit our local priorities. We have put up 12 schools, and 80 per cent of the villages have water through non governmental sources”.

Do the voters have sufficient information to be able to hold the MPs accountable? Where do the voters get their information? In rural areas the voters will largely be kept informed by the MP through meetings, public rallies, etc., but radio, local governments, and local NGOs are also vital channels of information. In urban areas newspapers and TV are more important, and the electorate is in general more informed and can rely on different sources to judge the performance of their MPs. Many MPs claim that because many voters are poor and illiterate they do have very limited access to information, and in many cases the communication between the constituency and the MPs is not satisfactorily.

However, some MPs indicated a significant sense of awareness in providing information to their electorate on their performance. Debates in parliament are sometimes broadcast on radio and, more recently, on television. During the question sessions many MPs see it as important to be demonstrating visibility on behalf of their voters. Others go even further: While the presentations on radio and on television are only abstracts, the discussions during the parliamentary session are written down in full, in Hansard. These summaries are accessible in print. One MP told us that after each session in Parliament he engages a driver to return to his constituency with several copies of Hansard. This MP comes from a poor and rural area where written material is scarce. Hansard has become popular reading among teachers who pass on information to other inhabitants in the district. By handing out Hansard so that the voters can read what is being discussed in parliament, the MP facilitates transparency and answerability. Voters can then directly approach him and ask him to justify or explain his behaviour.
The same MP told us that every five years he prepares a book where he writes down and documents what he has achieved. He distributes several copies of the book to his voters, but also to the party. As he said himself, “I do this because I am accountable both to the electorate and to the party”.

However, not every MP appears to be as dedicated as this parliamentarian, and as one MP pointed out: If the voters do not feel that the MP has fulfilled his promises and the MP may fear for his seat, he has a last triumph card “the power of cash”. For voters living under harsh conditions, in a short-term perspective this may appear as the most rational option. The person with cash may be the person they need. It should also be noted that the opposition MPs face special electoral challenges which most likely also affect their outlook on representation. Several of them stated that they not only had to defeat the ruling party candidate but also the ruling party administration. One opposition MP claimed that the CCM uses district officials to support their campaign and that officials risk being fired if they do not actively support the ruling party. It is a fact that the opposition does not field candidates in all constituencies, possibly meaning that a number of voters still do not have the possibility of voting for an opposition candidate.

### 3.3.2 Conflicts of interest between MPs and government at the district level

As noted above the MPs interviewed strongly emphasised the need to bring tangible benefits to their constituencies. We note that many MPs have endorsed an ‘informal vertical accountability function’: MPs are expected to bring tangible results. While ideally this should happen through the district council structures, this does not necessarily fulfill the expectations villagers have to the MP. As a result, in some instances, one MP reported on conflicts of interests between himself and the District Commissioner, who saw it as his role to make sure that development funds were channelled through the government structures and not directly from the MP or from sources identified by the MP to various development projects.

**A window on informal vertical accountability at the district level:**

**Opposition MP:** “I am in big troubles with my District Commissioner. The DC has blocked yet another water project in my district with sponsorship from an overseas donor. This project is to supply water to a local hospital. However, for 12 months now the DC has blocked the money, arguing that I as an MP have intervened in development of district by soliciting funds. According to the DC it is not in my role as MP to carry out development project. Yes, there is clearly a conflict of interest between the role of MP and DC which stems from the fact that the role of the MP is not clearly spelt out in the constitution. With the DC being a ruling party official, he wants to ensure that all credit for development goes to the government.”

Even ruling party MPs refer to the potential conflicts with their DCs and District Executive Directors (DEDs - the chief administrator and accounting officer at district level), particularly if they attempt to address concerns of corruption in the district administration. In the words of one MP: “Some DCs and DEDs may fight you if you fight bad governance.”

### 3.3.3 Summing up

This section has illustrated that representation in Tanzania is localised and that MPs are largely judged by voters according to their ability to ‘bring the goods home.’ We have also seen that MPs also see themselves as ‘accountable’ for providing tangible benefits to their constituencies. Furthermore, as most MPs view the formal budgetary channels as an ineffective mechanism for bringing development funds to their constituency, they habitually turn to informal mechanisms like lobbying through personal networks and approaching donors and international NGOs. Some of the parliamentarians even resort to distributing money from their own pockets. At the same time the importance of party in the MPs work is...
irrefutable and the MPs are subject to strong party discipline while in Parliament. The party caucuses are strong to the extent that they can dictate how the MPs vote. Our interviews with MPs on their vertical accountability function suggest a potential conflict of interest between MPs, and various levels of district government (district councils, district executive directors and district commissioners). The vertical accountability role of MPs is not clearly defined, and informal practices may come into conflict with formal local government structures. These potential conflicts are linked to the dominance of the CCM party, and the lack of clear distinctions between the party and the government structures as well as the poorly defined role of DCs vis-à-vis those of MPs and district councils.

3.4 Vertical Societal Accountability

The vertical societal accountability link concerns the more informal role of non-state agents checking governments’ powers via the media, civil society organizations, and popular protest. Societal accountability is expressed through associations lobbying governments, demanding explanations and threatening government with less formal sanctions, like negative publicity. It seems justified to state that the expression of societal accountability is in its infancy in Tanzania, but as will be illustrated below some important changes have taken place in the last years.

Parliamentarians have divergent views on the significance of this sphere of accountability, but with few exceptions the MPs claim that the media is by far the most important actor within this sphere. Below, we present the MPs perceptions on the various non-state agents and how they try to link up with these groups.

3.4.1 Media

“Media can bring the Government down. It’s stronger than the opposition parties.”

Nearly all MPs hold that mass media play an increasingly important role. However, this pertains mainly to urban areas. In rural areas radio predominates and other media is of little importance. A few MPs claim that the media in urban areas has a positive role in holding politicians accountable: “The media system has changed, and the private media have become very effective, though there are also “fault” plays of alignment with some power brokers.” However, the majority of the MPs are less positive. One MP complains that “the problem with the media is that people have a tendency to believe all that they read and hear”, meaning that uncritical acceptance of media reports plays into the hands of those that seek to exploit the media for their own ends. On the one hand, this may be seen to refer to sensationalist reporting that may bring poorly substantiated stories on well known personalities, or it may refer to positive stories about politicians that have been written for payment. The latter is commonly referred to as ‘brown envelope reporting,’ with reference to envelopes of money being handed to journalists in expectations of seeing positive stories about oneself. Other MPs are concerned that the journalists are not sufficiently trained and do not have the skills to report on specific areas such as economics. The coverage of what’s being discussed in parliament in general or of the Budget process in particular is poor, it is claimed.

Another factor that is seen to weaken the watchdog role of the media is what is seen as the limited independence of the media. The medium that reaches most people is radio, and the only radio station with national coverage is Government owned. Even the owner of the biggest independent media company in Tanzania is seen to be close to the elite of the ruling party, although his papers and radio stations are notably more critical than the Government owned ones. As stated by one MP, “media is biased and not balanced”. This tendency is
even more marked at the local level, where journalists are still more vulnerable or prone to the influence of the district leadership. As stated by one senior media representative, “there is more media freedom in Dar than in Biharamuro [a remote rural district in Kagera region].” However, the majority of the MPs see the media as a tool for positive coverage of their own achievements rather than as pressure group or a watchdog contributing to holding the executive accountable. MPs expressed a high level of awareness on the issues of Public Relations and the importance of nourishing their relationship with the media. Most MPs were frequently inviting the media to party meetings, press briefings, etc.: “We call for TV, radio, newspapers to cover rallies. Good Public Relations is crucial”.

3.4.2 Religious groups

“They have a lot of influence. They can change people’s minds.”

Perceptions of the impact of religious groups are far more unambiguous than that of the media. At national level religious groups are not seen as very important, but at district and lower levels religious groups are key players. The Catholic Church was most often mentioned as playing a significant role. Important informal links between religious leaders and village executive officers are common. First, religious groups and personalities appear to be important in shaping peoples perception of Government and more generally of society as a whole due to their strong trust with the majority of the rural population. Thus, religious groups serve as important opinion leaders. Second, religious groups and actors may also have direct impact on policy decision-making. Examples are given that some Councils have been forced to withdraw business licenses issued legally to operators of certain business activities considered incompatible with religious beliefs. One MP claims that religious groups were influential in the 1995 elections when he lost his seat to the opposition.

Many religious groups are also involved in the provision of social services and are therefore important to many people. In this sense, they are also seen as important allies to incumbent MPs, as any provision of services, such as the building of new schools, will reflect positively on them. It is maintained that religious actors may also exert influence on budget allocations at district level. However, the consultations between political authorities at district and local level and religious leaders and organisations are not formalised. Hardly any of the MPs mention linking closely with religious groups as a strategy for gaining influence and support.

3.4.3 NGOs

“I don’t believe in NGOs. They are only in cities.”

“They are strong in Dar es Salaam. They also reach the media.”

“NGOs play quite an important role through ‘getting in’ development projects.”

The majority of the parliamentarians believe that NGOs in general are weak, as they are donor dependent, urban based, and often centred around key personalities. This fact has been confirmed by several studies (see e.g. Tripp 2000). However, some NGOs and then particularly women-NGOs such as TAMWA (Tanzania Media Women’s Association) and Tanzania Gender Networking Programme (TGNP) are seen as important. Some MPs hold that organisations like REPOA, LHRC (Legal and Human Right Centre), and youth organizations are quite influential. Community based organisations (CBOs) are also seen as important. Several MPs saw NGOs and CBOs more in terms of purveyors of development
projects rather than as pressure groups. Another point raised by a few of the MPs was that part of the NGOs influence comes from their access to the media.

In general there seem to be rather weak linkages between parliamentarians and NGOs. However linkages do exist and appear to be becoming more important. Even if it is still rare, pressure groups travel occasionally to Dodoma to lobby MPs and government officials. This is a new phenomenon, according to MPs. It is claimed that political decisions have been undertaken and Acts tabled on several occasions due to pressure from influential lobby groups. One of the most cited cases is the tabling of the Land Act in 1999, enacted after pressure and lobbying from NGOs such as TNGP, TAWLA, etc. These lobby groups were invited to political meetings and were linking up with women MPs. Another frequent cited example is the NGO Act from 2002 where important lobby groups played a key role, although most of the NGOs involved remain highly critical of the final version of the NGO Act.

3.4.4 Business Associations

“They do have some influence in the budget process.”

There seems to be a belief that the role of business associations is becoming increasingly important. Several MPs are referring to occasions where they have been trying to please business associations by inviting them to meetings. Influential MPs are also likely to be members of boards of big corporations. It is also clear, however, that business associations have a direct impact on the budgeting process through lobbying and consultations. One MP stated as evidence of this that “recent tax reforms have significantly considered their views and complaints.” The influence of the private sector is also indicated by the fact that the President chairs the Tanzania National Business Council (TNBC), which meets twice a year to provide the private sector with a forum at the highest level for airing their concerns.

Still, the role of businesses mentioned most often by is as supporters of local development projects. This once again underlines the tendency of most MPs to see their role primarily as bringing resources to their constituency.

3.4.5 Trade Unions

“They are not important. Only the Teachers’ Union is powerful.”

Very few MPs believe Trade Unions have any influence. It is widely claimed that they are weak and to a great extent under Government control. One MP describes them as “a wash out.” However, MPs consider the Teacher’s Union (TU) to be powerful. It was referred to by the MPs as the only union with real influence in Tanzania. It is claimed that repayment of the teachers’ salary arrears came about only after strong pressure from the TTU. Reportedly, the teachers’ case was pleaded directly to the President after persistent efforts by the TTU chair to take the matter to the top. 20

3.4.6 Summing up

“80% of the potential pressure groups you mentioned are controlled by the Government.”

This section has illustrated that currently the links among MPs and non-state agents are weak. However, some notable changes are taking place. For better or worse, media is a

20 Interview with civil society representative in Dar es Salaam, May 2005.
force to be reckoned with, and they do add reach to some of the lobbying and advocacy work done by the mostly urban based NGOs that attempt to play this role. NGOs have also started to engage in direct policy lobbying in the capital. Religious organisations have influence as opinion leaders, although they don’t necessarily function as a natural check against government. Business associations seem to be the non-state actor with the most influence on the budget process. Trade Unions appear without much influence at all, with the notable exception of the Tanzania Teacher’s Union. It may also be relevant to add that the hypothesis that District Development Trusts is an important factor at district level was not supported by the interviews. One MP’s opinion that “District Development Trusts have been a failure in most cases,” seems to be fairly representative.

Perhaps most striking is the recurring tendency of the interviewed MPs to view most, if not all, of the non-state actors listed above first and foremost as potential purveyors of development projects for their constituencies. The media is an exception, but then again, media is seen as a campaign tool (for oneself as well as for one’s potential opponent) more than as a natural check against state power.

3.5 External accountability

“This is a problem. He who pays the piper calls the tune.” “Donors have too much influence to the extent that ownership of development process is taken away, especially in terms of budgets”

“Donors should not set priorities, it is irrelevant that donors tell us that we should focus on education, when there is no money for water projects – we need water, then we need schools – and the sequence cannot be dictated from the outside”

External accountability refers to the relationship between governments and international entities, including the Bretton Wood institutions, bilateral donors and international regimes and organisations such as the OAU, NEPAD or the East African Communities. While formally accountable to parliament and their electorate through a range of constitutionally defined instruments, governments in aid dependent developing countries may in practice prove more accountable to external donors since withdrawal of aid funds constitutes a serious sanction.

The syndrome of donor dependency has traditionally been a complaint of Tanzanian politicians. This remains the case, as shown in the summary of the MPs’ interviews in Figure 6, below.
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Figure 6: Donors also seem to have a lot of influence over policy and decision-making. How far do you think they have real influence?

As can be seen, all MPs interviewed consider the donors to be strongly influential. A majority of them thought that they were too much so, but that this was only to be expected, seeing that they pay more than 40% of the budget. Just under half thought that the donor influence was a real threat to national sovereignty.

It is hypothesised in Chapter 1 that even if donor agencies enjoy a high level of visibility they have much less influence than is commonly imagined. Where donor interests conflict with domestic political interest, the latter will always predominate, it is suggested. This also applies to the budget process. This does not appear to be supported by the interviews with the MPs, although the analysis of the landmark cases in the next chapter suggests that the MPs might be overstating the influence of the donors.

When answering this question, several of the MPs stressed that there were differences in the way donors wielded their influence. As one of the MPs put it, “there are donors and there are donors.” The Bretton Woods institutions were unanimously held to be the donors with the most detrimental impact on national sovereignty. More than half of the MPs considered these to be too powerful. The bilaterals were seen in a somewhat more favourable light. Some MPs also expressed the opinion that donor pressure “had been necessary” in order to get the economy on track. The MPs are obviously being ambivalent when it comes to the role of the donors. It is often claimed that the donors understanding of domestic politics is limited. That is also the view of many MPs. However, more than half of them argue that donors do have a good understanding of domestic politics.

3.5.1 Examples of too much donor influence

On the issue of whether parliamentarians know of cases where pressure from donors had been too strong the examples are plentiful. Many MPs are mentioning the privatisation process where the donors have pushed the government for a speedy implementation. In some instances, the Parliament has resisted. For example, the Finance and Economic Affairs Committee strongly rejected the timing and method of privatisation, especially with regard to the privatisation of the National Bank of Commerce (NBC) and the National Microfinance Bank (NMB). Nevertheless, vocal opposition from MPs had little impact.

Several MPs are also referring to donors’ involvement in the mining sector, as summarised by one MP: “The mining sector is 100% owned by foreigners. We have surrendered our resources to Canada as a result of donor pressure”. Several MPs claim that they were...
raising the issue in parliament requesting the government to disclose agreements and policy documents. Parliamentarians hold that they were being sidelined and the process was not transparent. MPs allege that by not pushing the government to be more transparent the donors are not facilitating the parliament’s oversight and control function. It is believed that this is due to the self-interest of some donors.

Other examples given by the MPs on instances of donors’ influence are priority-setting in development more generally and the introduction of multi-party democracy. MPs believe that many projects are still initiated by the donors contrary to government’s prioritisation. It is believed that the government must have more of a say on such issues.

3.5.2 Examples where Government has been standing firm

With regard to examples of the Government standing firm against the donors, one MP sighs: “I don’t think Government has resisted pressure”. However, some examples of Government standing firm on its decisions on grounds of national interests were given, mostly frequently cited being the purchase of the presidential jet and the radar. The government has also allocated more resources to economic services than what was agreed in the PRS, whereas the donors had focused on more allocation health and education as critical to poverty reduction. This reflects the vision that the Government had in viewing the PRS more broadly to include economic services. A fuller discussion of this case is undertaken in Chapter 4.

Many MPs believe that the government has most severely resisted pressure on political matters such as the Union with Zanzibar. The Government has also cleverly dealt with pressure to speed up the political liberalisation process.

Many MPs emphasized that to resist the donors, Tanzania ought to have a bold leadership with a strong place within the people, like the former president Julius Nyerere. However, one of President Mkapa’s main tasks has been to mend fences with the donors. A group of independent advisers has been involved in monitoring the relationship since 1995, whilst in 2002 the GoT and the donors jointly agreed to institutionalise the external monitoring by appointing an Independent Monitoring Group (IMG) to review progress in the aid relationship.

Close ties exist between key donors, the Presidency and the MoF. Ewald (2002) characterises it as an “iron triangle” especially around the work on the budget, but it seems to go even further than that. Many key players will probably claim that the donor-government relationship at present is particularly close and friendly, although parliament is not included in the inner circle. A good relationship with its key donors is vital when 42% of the Budget is external funds. In that regard the current government and its key bureaucrats, may be said to have done an extraordinarily good job.

MPs certainly do not feel that they have impact or access to information on important political decisions; nor do they feel that the donors facilitate changes in a practice where parliament is being sidelined. According to the MPs there is no transparency in aid negotiations processes. Hence, the MPs perceive the government is acting as if it was accountable to the donors and not to parliament, and because of the lack of transparency it is difficult for parliament to hold the Government to account.

3.5.3 Summing up

This section demonstrates that the MPs remain ambivalent with respect to the donors. All MPs find them much too influential, some even to the extent that they are perceived to be “ruling the country”. One holds that “donors are not honest”, another alleges that they “don’t address the real needs of the people”. Moreover, some MPs claim that there is “conspiracy between the donors and the government”. All the same the MPs’ relationship with donors can
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best be described as one of hate-and-love. At the end of the day most MPs feel that the donors are needed, and that they are vital in keeping the government on the right track, since they are, paradoxically, in a better position to do that than the parliament.

3.6 Concluding Summary

In chapter 2, we saw how, in the analysis of the MPs, the budget process is dominated by the Executive, and how they felt that they lacked the tools and the space to play an effective part in priority setting and oversight. The findings in this chapter, which has looked more broadly at structures of accountability in the political process, add to the picture of Executive dominance.

Horizontal accountability is weakened by strong executive dominance. The legislature’s influence is diluted by formal and informal mechanisms. The formal weaknesses include:

- Executive appointment of all the leadership of the main oversight institutions – Prevention of Corruption Bureau, National Commission on Human Rights and Good Governance, the Ethics Secretariat, National Electoral Commission, etc – plus the fact that all these institutions report directly to the President; and
- The double function of Ministers as MPs is seen by many as a failure to separate the legislature from the executive.

Informal weaknesses include:

- The use of the party caucus. Many MPs consider the only place for open discussion to be in the CCM party caucus, where all bills and policies are presented before they go to parliament; and
- The three line whip, whereby MPs are threatened with expulsion from the party if they don’t toe the party line. This is a particular worry in the Tanzanian context, where MPs hold their seats in Parliament on behalf of their parties. This means that if they lose their party membership they also lose their seat in parliament.

The judiciary is also seen as being restricted in its ability to impose checks and balances on the executive. The lower levels are seen as particularly weak and starved of resources, while the higher levels have more credibility.

The findings regarding vertical electoral accountability are particularly interesting, as they very clearly demonstrated that the main concerns of the voters, in the view of the MPs, are their immediate needs in terms of service provisioning – building of schools and water holes – and support for economic activities – subsidies for agriculture and provision of credit. It was very clear that the MPs see their main duty as “bringing home the goods” for the electorate. The role and influence of the party is a complicating factor. As argued above, the MPs are vulnerable to the disciplining influence of the party. The reputation and performance of the party is also likely to colour the voter’s view of the candidate, although most MPs stress that the voters look at the candidate first and the party second. Opposition MPs, and some ruling party MPs that have attempted to address corruption at the local level, also face opposition from the local administration.

The MPs’ view on vertical societal accountability, or the role and influence of non-state actors, show that they have limited confidence in their ability to impose checks and balances on the executive. Media is unanimously regarded as the most influential non-state actor, although not necessarily in a counter-controlling capacity. It is seen as prone to use and abuse for personal, rather than societal, advantage. Also, its independence of the government is seen to be limited. Of the other non-state actors, religious bodies are seen as
most influential on the local level, while business associations have most influence in the
national budget process. NGOs are seen as weak and urban based, while the Teacher’s
Union is mentioned as the only trade union with some influence in its sector. It was also
striking how many MPs see religious organisations, businesses and NGOs first and foremost
as entities that can bring development projects and resources to their constituencies.

The MPs show a remarkable level of consensus on their views of the influence of the donors,
or external accountability. They are unanimous in their view of donors as having a great
deal of influence, with just over half of them holding that this was normal considering the
level of financing provided, while the other half think the influence to be excessive and in
danger of undermining national sovereignty. There is also the view that there should be more
transparency in the dealings and negotiations between the donors and the executive.
Consistent with the other findings of this study, MPs feel that Parliament is not seen as
important in the national planning process. Again, there is a certain level of ambivalence, as
donor projects benefiting their own constituencies are seen as a good thing. However, many
MPs decry donor arrogance and lack of transparency in local level projects, as well.

As we can see, the issue of executive dominance is a recurring theme in this study. What we
also see emerging is the often less noticed role of the Party. This supports a number of the
hypotheses posed in chapter one. One hypothesis that seems to be challenged by the views
of the MPs, as presented above, however, is that when donor and domestic interests collide,
the latter will always predominate. This is one of the questions that is pursued further in the
following chapter’s discussion on five landmark cases.
4 Landmark Decisions

This chapter provides brief analysis of five landmark decisions that were made by the current government. We describe them as “landmark” decisions because of their importance to the policy directions the current Government has adopted and because of their financial significance. In other words, these are not random or trivial decisions: it seems reasonable to assume that the lessons they illustrate and the balance of interests which they demonstrate are representative of the influences shaping the overall process of budgetary decision-making. Five such landmark decisions have been selected:

1. The abolition of school fees;
2. The abolition of the development levy;
3. The (re)introduction of agricultural subsidies;
4. Decentralisation of authority for budget and staff management; and
5. Budget allocations in support of the Poverty Reduction Strategy (PRS).

These have been chosen to illustrate the way in which accountability operates around the budget process, the quality of accountability which decision-making embodies and the relative strength of the different interests driving these decisions. Each of these decisions is set against the background of the interviews with the MPs and we deliberately seek to compare and contrast the perceptions expressed by MPs with the lessons emerging from these landmark decisions.

4.1 Abolition of school fees

“The decision was introduced by the Executive and the legislature was very happy about it and there was no opposition to it.”

The decision to abolish the UPE levy and launch the massive programme of building classrooms that started under the Primary Education Development Plan (PEDP) remains one of the biggest, if not the biggest success stories of the Mkapa Government. The decision came about after a lot of discussions on the issue among the Government ministries, the donors, and civil society. Though the Government’s position had remained to maintain school fees, the continuing concerns and debate made the President intervene and decide that school fees should be abolished, and that this should be reflected in the PRSP. There had long been talk about dropping school fees. It was a politically attractive move that was sure to be popular with voters. However, the Ministry of Education and the Prime Minister had consistently come out against it, arguing that it would be unsustainable. It is believed that the World Bank played a pivotal role in the decision to drop the UPE levy. While it was the World Bank that had pushed through the introduction of primary education fees in the late eighties, by the start of the second term of the third phase Government, the Bank had started to consider funding a large programme to rejuvenate primary education in Tanzania. It is reported that the then World Bank representative played a key role.

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21 Interview with a knowledgeable informant, Dar es Salaam, May 2005.
23 This has been corroborated through interviews with several representatives of the donor community and civil society in Dar es Salaam, April and May 2005.
World Bank had positive experiences with investing in primary education from, among other places Uganda, where, incidentally, Uganda’s Government introduced free primary education in the early nineties, then against the advice of most of the donor community, including the World Bank. The Bank representative had also been lobbied by Tanzanian civil society to assist the introduction of free primary education for all.

The President’s announcement came in April 2001, shortly before the budget session. Parliament were only involved after the decision was made, with the passing of the budget (which had been hurriedly revised to accommodate funds to compensate schools for lost income from school fees). Although the decision was very well received among MPs and many of them stated in the interviews that they had been lobbying for this for a long time, it seems fairly clear that they played no significant part in the policy decision.

**Horizontal Accountability:** The decision was made by the Executive. There was no meaningful discussion on the issue in Parliament, although a number of MPs stated that they had long campaigned for dropping the user fees, arguing that this would have influenced the decision.

**Vertical Accountability:** As stated above, the decision was instantly popular and is often cited as a success story of the CCM government. It is also interesting to note that secondary education appears to be a hot political issue at the moment. A large number of MPs referred to the building of secondary schools in their constituencies as an important part of their strategy for re-election.

**Societal Accountability:** There is anecdotal evidence that civil society might have played a role in convincing the donors, in particular the World Bank (who needed more convincing) to support the introduction of free primary education.

**External Accountability:** World Bank support seems to have been an important factor in this decision, with some suggesting that the decision was made between the President and the country representative of the Bank. However, it is also clear that the decision was a response to domestic concerns and that donor support merely was critical in the financing of the reform.

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**4.2 Abolition of Development Levy for local governments**

“Parliamentarians were shocked when it was announced, although it was well received.”

In his budget speech of June 2003, the Minister of Finance announced the abolition of the LG Development levy and a number of other Local Government taxes, collectively referred to as “nuisance taxes”. The decision was subsequently ratified by Parliament. The move was strongly supported by the Bretton Woods institutions and also had the backing of consultancy and research work suggesting that these taxes contributed relatively little to the financing of local government services and represented a disincentive to private sector investment. It was also recognised that the development levy was a regressive tax that was deeply unpopular with most people, not least because of the sometimes violent nature of the methods of tax collection.

Still, the abolition of the LG taxes was not without controversy. It was deeply unpopular among a broad range of local government officials who depended to a great deal on this tax revenue to cover administrative costs, not least allowances for councillors and LG staff. The
Decision on how to spend own revenue is entirely at the discretion of the councils, and they typically spent all or most of it on administration (PWC 1999; Sundet 2005a). The Ministry of Finance had stated that they would be compensated for the loss of tax revenues, but this was of little consolation, because there were stronger obligations of accountability tied to Central Government Grants and, mostly, because they had little confidence that the compensation would be sufficient or on time. These complaints were aggravated by the fact that the decision to abolish the taxes had been done with only minimal consultation with local authorities or even the Ministry responsible for Local Government.

Fjeldstad and Therkildsen argue that the decision to abolish the Development Levy was politically motivated (Fjeldstad and Therkildsen 2005). The CCM leadership recognised that the development levy was widely detested among the electorate and that the opposition was already using the issue in their campaign against the ruling party. The Party decided, therefore, that the development levy had to go. The decision was consequently articulated by the Ministry of Finance. There were no consultations with the President’s Office – Regional Administration and Local Government (PO-RALG). The team was told that like virtually everybody else, the Permanent Secretary heard of the decision for the first time in the budget speech.

Although not consulted, by and large the MPs expressed strong support for the decision to cut the development levy. One MP did recollect that it had been discussed in the Party caucus before the budget speech, and that no objections had been raised to the decision. A few Members expressed concerns that the reduction of LG taxes would undermine the autonomy and accountability of the local authorities. This was based on the premise that people were more likely to demand accountability if they paid taxes. Other MPs contradicted this argument, pointing to the poor state of financial management in local authorities, which they argued was particularly poor on the revenue side. One MP asserted that for “every 100 shillings collected, less than 10 shillings is accounted for.”

The political sensitivity of the development levy in reference to party politics was illustrated by the case of an opposition controlled council. In Karatu, the Chadema controlled council had halved the development levy in accordance with a campaign promise they had made in their successful 2000 elections. This had greatly bolstered their popularity and paradoxically, they reported to have collected more taxes as a result of this. This may have been due to an increase in compliance, but also possibly to more conscientious reporting of the collected revenue. It is significant to note that the Regional Commissioner consequently refused to approve the council’s budget, claiming the tax cut was against ‘government policy.’ The Council subsequently took the Government to court over its refusal to approve the budget, an action which proved fruitless, although the budget was eventually approved by the Minister.
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4.3 Subsidies for food production in the Southern Highlands

“This was also a Government decision. We were not consulted or informed prior to the announcement in the National Assembly.”

“It would be suicidal for an opposition party not to support this politically sensitive issue.”

The abolition of subsidies for the agricultural sector has been one of the most politically loaded aspects of the structural adjustment reforms prescribed by the Bretton Woods institutions. The provision of subsidies to agriculture has time and again been shown to be economically inefficient, but its continued application by the developed world, including the US and the EU countries, have provoked accusations of hypocrisy on behalf of the World Bank and IMF for imposing conditionalities against developing countries continuing to subsidise their own agricultural sectors. In Tanzania, the relatively sluggish rate of growth of the agricultural sector has been attributed by many to what they see as the Government’s neglect of the sector. The move to reintroduce agricultural subsidies was therefore positively received by MPs and large sections of the public. But again, the way in which the policy changed poses some interesting questions as to the nature of decision making in the Tanzanian political system.

The decision was introduced in the Minister of Finance’s budget speech in June 2003, and later in the Minister of Agriculture and Food Security’s speech. This was the first time the decision was made known. The issue had not been discussed in the Agriculture and Lands Committee beforehand. The partial reintroduction of agricultural subsidies, therefore, was seen to be, as stated by one of the MPs, a “unilateral decision” by the Executive. The Ministry of Agriculture and Food Security (MAFS), had long been pushing hard for
agricultural subsidies, but the final decision to introduce the subsidies came as a surprise to most analysts and observers. One senior government advisor described the announcement as a “bombshell”, observing that there had been no substantive discussion beforehand.\textsuperscript{24} It is clear that reintroduction of subsidies went against the stated policy of all main donors and that it was not supported by any comprehensive technical analysis.

One of the factors that led to the decision was growing concerns about food shortages. This also, reportedly, influenced the decision to target maize production and the four maize producing regions in the Southern Highlands – Iringa, Mbeya, Rukwa and Ruvuma, also known as “the big four”. These regions were also the main beneficiaries of the pan-territorial pricing system of the 70s and 80s, by which producer prices were standardised across the country, regardless of transport costs. Naturally, this favoured the food-producing regions furthest from Dar es Salaam, such as the Southern highlands.

The limitation of the subsidies to only four regions was the most controversial aspect of the new policy. Every MP who commented on the issue of agricultural subsidies, gave the opinion that the subsidies should be extended to include the entire country. This is also a priority of MAFS, which continues to push hard for the roll out of subsidies country wide. In the preparation of the MKUKUTA, the second PRS (see below), it is reported that the Ministry has on several occasions attempted to surreptitiously “slip in” provisions for agricultural subsidies, apparently “hoping that no one would notice.”\textsuperscript{25} These attempts have been checked, apart from the inclusion of a provision for a “targeted subsidy to selected food crops” (URT 2005), which ensures that there is a stated commitment to continue the current level of subsidies.

Whether or not there will be a further expansion of agricultural subsidies, could be a good indicator of the balance between domestic and external accountability, as the donor community remain highly critical of the provision of subsidies. It should also be noted, however, that domestic expert opinion is also highly critical of the use of agricultural subsidies, pointing out that the practice is wide open to abuse, and that most of the benefit tends to accrue to traders and rich farmers.

Even if the MPs were unanimous in their support of providing subsidies, many of them also criticised the manner in which the subsidy was implemented. According to one MP, much of the subsidized fertilizer was bought by traders and resold to farmers at a profit. Another MP complained that whenever there are agricultural subsidies, “poor farmers don’t benefit” because they are not informed of their availability. There is suspicion surrounding the way in which the subsidised fertilizer is made available to traders. Separate enquiries revealed that traders at the district and regional level are selected by committees that are chaired by the District and Regional Commissioners.\textsuperscript{26}

\textsuperscript{24} Interview in Dar es Salaam, May 2005.
\textsuperscript{25} Interview with senior participant in the Mkukuta consultative process. Dar es Salaam, May 2005.
\textsuperscript{26} Interview with senior consultant, Dar es Salaam, May 2005.
Horizontal Accountability: Although the MPs had long been pressuring for the reintroduction of subsidies to the agricultural sector, it is clear that this decision was made by the Executive alone. There was no consultation on the detail of the policy, the most controversial part of which was to limit the application to the fertilizer for food crops in the Southern Highlands only. It has also been suggested that the Party played a key role.

Vertical Accountability: This policy decision is a popular one, and a sure vote winner. This is also what suggests that the party has a hand in the decision. It is to be expected that the subsidies will be more widely extended before the October elections. The lack of transparency in the application of the subsidies, however, may undermine the popularity of the reform.

Societal Accountability: There is no indication that national research institutions or interest groups played a part in this decision. National research institutions are by and large critical of agricultural subsidies.

External Accountability: This is one of the decisions that illustrate the limitations of donor influence. The decision was taken against the advice of donors. The donors have also been slow to track the impact of the subsidies, and cursory investigations revealed a low level of awareness among donors on the reform and the way it is being implemented.

4.4 Decentralisation legislation for LG budgets and staff

“The objective is good, but so far the reform has not succeeded. The centre does not want to part with power. All power rests with the President.”

The 1995 CCM manifesto stated an intention to reform local government in order to improve local services and bring services “closer to the users.” By the time of the 2000 elections, the regional administrations, which are effectively arms of the executive, had been drastically downsized and converted into Regional Secretariats, a local government policy and the enabling legislation had been passed, and a comprehensive Local Government Reform Programme was under implementation, with substantial funding through a donor basket.

In order to analyse the politics of local government reform in Tanzania, it is necessary to see it in a historical context as there is a long history of Local Government Reform in Tanzania. The so-called Decentralisation reform of 1972, involved the abolition of elected councils. It amounted to a deconcentration of Government, bringing (central) government closer to the people. It has been described as an important factor in enabling government to implement the compulsory part of its resettlement scheme, often referred to as villagisation or operation vijijini, in the early seventies (Sundet 1997).

Elected councils were reintroduced over 1982-4, but the central government retained substantive powers over staffing and financial resources. During the 1995 election campaign trail, the CCM team stated that they had received a strong message from local people that there was a need to improve local services and bring them “closer to the users,” although it could be stated that issues of decentralisation and ‘bringing power to the people’ tend to be recurring themes in Tanzanian politics. Even the abolition of elected councils in the misnamed Decentralisation reform in 1972 was sold politically as a way of bringing the party closer to the people.

In 1996, the Government signalled the beginning of a local government reform by cutting the regional administration by close to 90%. The 1999 Local Government Act laid down the legal framework for a comprehensive local government reform. Significantly, a Ministry of Local
Government was established, taking the responsibility for the local government administration from the Prime Ministers Office. It was during the second phase Government that the local government portfolio was removed from the Prime Minister’s Office. It may also be significant to note that both Ministers of Local Government have been senior Party officials, who are members of the Party’s Central Committee. After the 2000 elections, the President consolidated his support of local government affairs by bringing the portfolio into the President’s Office. The brief analysis of local government reform above illustrates the political importance of local government politics. It is also significant to note that at the time the local government policy paper was under the early stages of formulation, the World Bank was advising against embarking on a comprehensive decentralisation reform (the Bank has since become one of the reform’s strongest supporters). It is therefore clear that the reform was first conceptualised by domestic stakeholders, most likely the party.

The actual formulation and implementation of the reform programme, on the other hand, is more closely influenced by the technocrats in central government and by donor-financed technical assistants. As one MP put it, “the role of the Parliament was to approve the Local Government Reform Programme, the rest is implementation.” There is also evidence of a strong resistance against seceding control to LGs from sector ministries. Some clue to the Executive’s commitment to the reform may be found in the progress of the implementation. The most recent joint review of the reform lamented a lack of political commitment to a genuine ‘decentralisation by devolution,’ that is a transfer of decision-making power and accountability from the central to the local level (URT 2004).

Many of the MP’s interviewed complained about the Executive’s ‘backtracking’ on the reforms, referring to recent legislation that gives the Public Sector Management Department in the President’s Office (PO-PSM) the ultimate authority over all staff issues, both at central and local level. The abolition of local government taxes was also mentioned by many MPs as an example of the central government’s missing commitment for decentralisation, although most of them also said that these taxes were deeply unpopular among their constituents. There is also little indication of popular support for the reform. In a recent survey conducted by REPOA, it was found that less than half of the population had even heard of the reform (Fjeldstad and Nygaard 2004). This was less than all other reforms, with the exception of the Law and Order reform that had not yet started implementation. The same was confirmed by a 2003 Policy and Service Satisfaction Survey, conducted by REPOA, which also indicated that the public have a relatively lower level of trust in local authorities than in central government institutions (REPOA 2003).

**Horizontal Accountability:** It is quite clear that this reform was initiated by the Executive, quite possibly as a result of pressure from the party. A number of MPs were critical of the Government’s implementation of the reform. One controversial aspect raised by a few MPs was a 2004 amendment of the Public Service Act, ensuring central control over staffing at the local level. MPs saw this as a serious threat to the process of decentralisation. There are some reports that this amendment may be reversed but the time it has taken to even prepare proposals for its reversal may be an indication of the level of influence held by outspoken MPs opposed to decentralisation.

**Vertical Accountability:** That the policy is not well known among the voters, combined with the relatively low level of public confidence in local authorities, is an indication that the political motivation for the reform is more to do with distributing control than about appealing
to the voters. The weak political backing for the reform in the implementation stage would support this hypothesis.

**Societal Accountability:** Civil society and local research institutions continue to lobby for more meaningful decentralisation and more focus on accountability issues in the reform. However, there is little indication that this is having much of an impact. On the other hand, the Tanzania Teacher’s Union have declared their opposition to the transfer of responsibility for teachers to LG authorities and this may have had some influence in stalling the implementation of this provision in the 1999 Local Government Act.

**External Accountability:** Donor pressure was not an explanatory factor for the adoption of this reform. However, the donors have had some influence through the planning and implementation of the reform and are now almost uniformly strong advocates of further decentralisation. Interestingly, this pro-decentralisation advocacy appears to have been outweighed by the interests lobbying for a continuation of centrally managed salary budgets and recruitment processes.

### 4.5 Allocation of funds to PRS “priority sectors”

“There is not a good balance of priorities because of the central planning system. The Government needs to see what the people want, but they have agreements with the donors on how to spend the money.”

Tanzania’s first Poverty Reduction Strategy Paper (PRSP) was adopted by the Cabinet in 2000 in order to meet the conditionalities set by the HIPC process, thus qualifying for substantial debt relief. A major concern underlying the HIPC initiative was the desire to ensure that Governments would spend the savings from debt relief on activities which would help to reduce poverty. The concept of priority sectors was thus developed as a simple way of tracking the use of resources. The Tanzania PRSP listed six priority sectors, education, health (including HIV/AIDS), water, agriculture, judiciary and rural roads. The requirement that these sectors should receive increased annual budget allocations became a condition of the IMF’s PRGF and later of the Performance Assessment Framework for the multi-donor Poverty Reduction Budget Support (PRBS).

The use of the “PRS priority sectors” concept as a condition of budget support is commonly portrayed as an example of a donor-driven budget process, in which accountability to external actors overrides the interests of domestic political constituencies. Recent analysis of the consultation process during the preparation of the PRS has lent some support to this theory. In particular, Gould and Ojanen (2003) argue that the PRS formulation was tightly controlled by a small group of technocrats, who were highly mindful of the concerns of the Bretton Woods institutions. Critical challenges from civil society were ignored and there were no meaningful consultations with the democratic institutions of the country, namely Parliament and local councils.

Our discussions with officials of the Ministry of Finance and of the Vice-President’s Office confirmed that the analysis of Gould and Ojanen is largely correct. They also confirmed that fast accession to HIPC was seen as an important political objective by the President and the Cabinet and that in this context, there was a desire to avoid protracted negotiations over the content of the PRS and the related conditions for HIPC, PRGF and PRBS funding. However, the point was made that none of the conditions then imposed were seen as problematic: there was a genuine political desire to give attention to poverty reduction and to support social sector spending as a part of this. The fact that the elimination of poverty has been a consistent objective of government and an important element in political and social discourse...
since the days of Nyerere lends credence to this assertion. Indeed, the National Poverty Eradication Strategy of 1997 and the associated National Declaration for Poverty Reduction signed by President Mkapa in 1998 enjoyed strong political support and yet preceded the HIPC and PRS concepts and were not closely linked to donor funding.

Moreover, careful analysis of the main trends in resource allocation in the last four years (FY01 – FY04) throws doubt on the assumption that finalisation of the poverty reduction strategy in September 2000 significantly shaped the trends of budget allocation. Figure 7 below reflects the steep rise in funding to priority sectors experienced in 2001/02 at the cost of non-priority sectors. As is well known, the rate of increase in allocation to priority sector remained steady over the four year period and in per capita terms significant increases were secured. What is less often noted is that, after 2001/02, allocations to non-priority sectors increased at a still higher rate. (The non-priority sectors are made up of administration, production, economic services and defence and security.) The culmination of this trend can be seen in the 2004/05 budget, in which priority sectors are projected to receive a lower share of the budget than they had in 2000/01.28

**Figure 7: Trends in Priority versus Non-Priority Sectors between 2000/01 - 2004/5**
(Source: Ministry of Finance)

The trend in sector share of spending is shown in Figure 8. As we can see, whereas the share of spending on social services has gone down from 42% to 38%, the share spent on administration has gone up from 24% to 30%. The share of expenditure on economic services has gone up more marginally from 13% to 15%.

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28 See DAIMA/ODI (2004) for a more detailed discussion on these trends.
Figure 8: Sector share of total GoT spending FY01 – FY04

Figure 9 depicts the overall sectoral allocation from FY93 to FY05. Spending on social services has fluctuated around 40% of total expenditure over this period whereas spending on economic services has been much more volatile. In the past four years economic services and administration have evidently drawn attention and resources. This has been mostly at the expense of the falling share of defence expenditure and, to a lesser degree, social services. It is also interesting to note that although there have been significant year on year fluctuations, the relative share of each of the sectors in FY04 is remarkably similar to the distribution in FY94, years before the conceptualization of HIPC and PRSs.
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Figure 9: Trends in Overall Sectoral Budget Allocations between 1992/93 and 2003/04 (actuals, excl. CFS) (*Source: Accountant General*)

Thus, it is debatable whether the priorities set out in the PRSP determined the allocation of funds. Real per capita allocations in the PRS priority sectors more than doubled between FY99 and FY03. However, so did the allocation to non-priority sectors. The corresponding increase in government allocations to 'economic services' and 'production' may be seen as a reflection of the MPs stated concern that these sectors had been ignored in the PRSP. While it may be seen as a deviation from the original social sector focus, it is most probable that the Government had began to consider the PRS more broadly to include economic services to promote growth. The scope and focus of the second PRS, the current strategy for growth and reduction of poverty, would seem to support this view.

There are marked differences in the formulation of the second PRS, the National Strategy for Growth and Reduction of Poverty (NSGRP), better known by its Kiswahili acronym, MKUKUTA. Whereas the original PRSP was heavily donor-driven process, the precursor to PRS II, a document named the Medium Term Development Plan for Growth and Poverty Reduction was presented by the President’s Office Department for Planning and Privatisation (POPP), without any prior consultations with the donors. This later formed the main basis for the new PRS (Titsworth et al. 2004, para. 33). The main addition from the first PRS is the addition of Growth, or the economic sectors, in the priorities of the strategy. Although this reflects the concerns raised by the MPs, this is not necessarily an indication of a more meaningful consultative process, as the section on economic growth was added before the first draft went for consultation. One MP summed it up in this way: “This time the Parliament has been informed and involved, but in reality we do not have much of a say. PRS is not discussed in Parliament.”
Horizontal accountability: Although the NSGRP was discussed in Parliament, in contrast with the first PRS, and although the second strategy is more in line with the MPs stated priorities, there is little evidence that Parliament had any real impact on the priorities in the Strategy. The main parameters were set by the Executive - the technocrats not the Party. Whereas the long process of consultations added much to the detail of the Strategy, it did not change its basic set of priorities.

Vertical Accountability: In our recent interviews, the CCM MPs appeared more concerned with the party’s manifesto than with either the PRSP or the NSGRP. They did not see these overarching strategies as having any direct impact on their standing as MPs with their voters.

Societal Accountability: It is possible that lobbying by the business community influenced the priority setting for NSGRP. The fact that the first draft was produced more or less unilaterally by POPP could be seen as suggestive of this, as this is a department that is seen to have close ties with the business community. No direct evidence was gathered to support this conjecture, however. Civil society has remained involved in the finalisation of the Strategy, and it is likely that they had marginally more influence than the first time around.

External Accountability: Unlike PRS1 which could be seen as a heavily donor-driven process, the MKUKUTA emerges as much more of a home-grown initiative. The donors remain sceptical of the direct government support of the productive sectors, and the strategy’s focus on growth can be seen as evidence of more assertiveness from the Government. What is perhaps more interesting is that in the period between PRS1 and PRS2, the Government was able to find ways of complying with the conditions of the PRGF and PRBS (by raising per capita allocations to priority sectors), whilst altering the balance of resource shares so as to reflect its own priorities. Moreover, this was done perfectly transparently with resources being allocated through the budget and their use being reported on a quarterly basis. This would suggest very strongly that accountability to donors is not the dominant force which many MPs perceive it to be.

4.6 Concluding observations

4.6.1 Which is the dominant source of accountability?

In reference to horizontal accountability the analysis of the landmark decisions supports the findings presented in the previous chapters that the Executive is highly dominant. There were several examples of the Government short-cutting the Parliamentary consultation process – in relation to the abolition of primary school fees, the abolition of the Development Levy and the re-introduction of agricultural subsidies. Ironically, our interviews with MPs suggested that each of these decisions would have been popular with Parliament. So the failure to follow the due process of consultations does not seem to arise out of a desire to hide information or to deceive Parliament, it is a simple reflection of how little attention is given to Parliament in the policy-making process.

The analysis adds nuance, however, as we can distinguish at least two separate parts of the Executive, namely the senior technocracy and the Party. The Cabinet could be seen as being between the two, probably closer to the Party than the technocracy. Whereas the technocracy appears dominant in policy implementation and the formulation of general policies, such as the PRSP and NSGRP, the Party can assert its influence on issues where it identifies a risk of the Government making political mistakes.
Properly speaking this is best defined as a form of **vertical-electoral accountability**. The abolition of the development levy and the reintroduction of agricultural subsidies may both be seen as direct responses to concerns expressed by the electorate through the Party. In both these cases, especially the latter, the chosen policies went against advice from the donors. A senior political analyst interviewed in the preparation of this report, summed up the division of power between the Government and the Party as follows:

‘The Government is by and large left to conduct its affairs without interference, as long as it keeps within the basic boundaries of political acceptability. But if the Government “steps outside”, the Party will “step in.” ’

Without doubt, the role of the majority CCM Party is highly significant and, taking the landmark cases and the MP’s comments together probably emerges as the single most dominant force of accountability in Tanzania. Indeed, it would not be too much of an exaggeration to say that the influence of Parliament is greatest when it operates through direct lobbying of CCM Party officials by MPs or groups of MPs.

Although all political parties worry about winning votes, the influence of the electorate on policy making tends to be indirect. In some cases, as in the abolition of school fees and the development levy, the prospect of attracting overwhelming popular support can nudge Government and Party in a certain direction. In other cases, as for example decentralization and the PRS process, less regard is given to popular opinion.

**Societal accountability** appears still more limited than that of the electorate. There is circumstantial evidence that the business community might have had some influence in the redirection of the PRS process and the introduction of agricultural subsidies, but the available evidence is not sufficient to draw any firm conclusion. Similarly, one may surmise that the lobbying of the Tanzania Teachers Union may be one of the forces slowing the decentralisation of authority for staff management but we found no firm substantiation of this.

It was observed by a number of MPs that the combination civil society and media can be influential, as civil society get media coverage when they conduct critical policy analysis and advocacy. Still, by the standards of most neighbouring countries, civil society and media in Tanzania remain weak.

As expected, **external accountability** appears more decisive, although perhaps not to the extent that one might have thought. The landmark cases, notably the introduction of agricultural subsidies and the reorientation of the PRS process, give examples of Government going against the preferences of the donor community. The purchase of the Presidential jet might have been quoted as an example of another decision in this vein. Even the local government reform was initiated at a time when the World Bank was against it; and now when there is broad donor support for faster implementation of the Local Government Act of 1999, there are signs that Government is stalling on implementation in response to domestic political concerns.

In short, the overwhelming perception of MPs that donors have excessive influence, does not appear to be substantiated by an analysis of landmark budgetary decisions. Indeed, these appear to support the observation which has emerged from all recent evaluations of policy conditionality (Killick, 1998; White, 1999; Tarp & Hjertholm, 2000; Dollar and Svensson, 2000) that domestic accountability is a more effective, and sustainable, driver of change than external accountability.

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29 Interview with Rwekaza Mukandala, May 2005.
5 Conclusions and policy implications

This study has provided an analysis of the Tanzanian budgetary process and the wider system of accountability, seen from the vantage point of the Members of Parliament. As we have seen, the detailed interviews with 26 MPs and a number of other key stakeholders have provided valuable insights into the day to day political life in Tanzania, and how the practical aspects of politics and budgeting impacts on accountability. In the introduction, a number of hypotheses were posed. In this concluding section we revisit these in turn, after which we analyse some of the policy implications.

5.1 Testing the study’s hypotheses

Hypothesis one: The Executive exercises a dominant role over budget setting. Indeed, the process of discussion of budgetary estimates by the Parliamentary committees and by Parliament as a whole has frequently been characterised as a mere formality.

The findings seems to support this. As observed by a number of MPs, by the time the budget guidelines are presented to the Finance and Economic Affairs Committee and the sector committee chairs, the major budgetary decisions have already been made. And by the time the sector budgets are presented before the budget session in June, the time left for deliberation is very limited. In three of the landmark cases quoted, proposals were not presented to parliament until after the committee stage. Although a number of cases were mentioned of minor adjustments made on the recommendations of the committee or through lobbying in Parliament, these mostly refer to single cases, as the renovation of a given court building, rather than systematic, policy-level budgetary decisions. To the extent that MPs can hope to have an impact on budgetary decisions, it is very much dependent on the forcefulness and persuasiveness of their arguments and on personal connections – particularly within the CCM Party hierarchy.

Hypothesis two: On the other hand, some observers believe that the quality of work by Parliamentary Committees is improving. How far this is true, in which committees and for what reasons are important questions.

This hypothesis is also supported by the findings. The MPs state that the committee system has improved in the last few years, especially since the creation of sectoral committees. MPs believe this is a positive change that has improved performance by separating the work of scrutinising the budget previously undertaken by the one committee to thirteen standing parliamentary committees. However, effective engagement of committees in the formulation, adoption, oversight and control of the budget has been constrained by the limited time availed for scrutiny, the lack of user-friendly information at an early stage of the budget cycle, the poor technical capacity of many MPs, and the weakness or absence of research support. Thus, while improvements are noted, the extent to which public expenditure proposals are scrutinized and genuinely questioned in Parliament continues to be limited.

Hypothesis three: Within the Executive, power is closely controlled by the President, the Prime Minister and a small number of senior ministers in Cabinet. This is reinforced by Presidential powers of appointment and by party structures. A particular implication for the budget process is that Ministers generally have little ability to control and steer their own ministries and their corresponding budgets.

There is partial support for this hypothesis. The analysis of the landmark cases illustrates how major policy decisions can be reached, without consultations with MPs or even with the
Ministers concerned. PEDP and the abolition of the Development Levy are examples of this. The centrality of the Presidency, as demonstrated by the PEDP case, is no surprise. Contrary to what has been hypothesised, there is no specific evidence of the control of the Prime Minister over the budget process, although several MPs referred to the influence of ‘senior ministers.’ The other main actor, however, seems to be the Ministry of Finance. This is supported by other analysis, as for example Ewald 2002, but was not directly anticipated in the hypothesis.

It is not immediately clear who has most effective influence in the Ministry of Finance - the Minister of Finance or the technocracy, as represented by the Permanent Secretaries. The former probably has the best access to the President while the latter manage the day-to-day process of budget management and work most closely with the World Bank and the rest of the donor community. Either way, the budget process rests largely under the influence of the Ministry of Finance. The MOF is responsible for incorporating recommendations made by the sector committees into the final budget before it submits the budget to Parliament. It is also largely responsible for budget execution through revenue collection (through the TRA) and the issue of credit limits and control of commitments and payments (through the Budget Department and the Accountant General). There is also provision for significant budget revisions to be made during the financial year, through reallocation warrants, that are to be approved by the Minister of Finance.

On the other hand, Tanzania does have a delegated structure of budget authority in which significant power is vested in the hands of the Controlling Officer (the Permanent Secretary) of each sector ministry – in particular the power to commit expenditures. For the most significant decisions, the Controlling Officer needs the approval of his or her minister. Thus, budget submissions need to be signed off by the Minister and virements of funds across items within the Ministerial Vote also need Ministerial approval. In short, there would appear to be ample scope for a dynamic, innovative minister to take control of their budget and steer expenditure quite actively. That this happens rarely probably has more to do with a deeply ingrained respect for hierarchy, possibly re-inforced by a fear of party structures. It is notable, for example, that the three current Ministers reported by MoF officials to be most active in the process of sector budget management, namely the Ministers of Education, Water and Works are also prominent in the CCM party hierarchy.

Hypothesis four: CCM Party discipline has a very strong influence on voting patterns within Parliament and on the behaviour of MPs within committee and on the debating floor. By contrast, the lack of unity and cohesion across the opposition parties seriously undermines the level of influence they can have within Parliament. It may be these factors, rather than any legislative or informational weaknesses, which most undermine the force of the Legislature.

As it is hypothesized, the CCM Party has considerable influence on voting patterns within Parliament and on the behaviour of MPs within committee and on the debating floor. Certain informal mechanisms are usually at play, important ones being the party caucuses and the British legacy of the three-line whip. The MPs perceive the party discipline within CCM to be very strong. It is also noted that Party caucuses instruct the MPs on how to vote on sensitive issues. Strong party discipline obviously undermines the accountability functions of the parliament. It was further asserted that even within the party, power is uneven and politics tends to be personalized.

On the opposition side, lack of unity and cohesion tend to undermine the level of influence they can have within Parliament. Thus, while legislative or informational weaknesses undermine the role of the Legislature in ensuring budget accountability, informal forces around the party systems and power linkages weaken it further.
The fact that MPs sit in Parliament as representatives of their parties, also skews their accountability towards the party, rather than towards their constituents. The ban against independent candidates and against crossing the floor to a new party, means that parties hold the ultimate power of sanction against their MPs. If a member is expelled from the party she or he automatically loses her/his seat in Parliament.

**Hypothesis five:** For many MPs, districts have become the new focal point for attention. This is both because of the necessity to be re-elected and because the flow of resources to districts through the national budget, donor projects and NGO activities permits national MPs to have influence at this level.

In terms of vertical electoral accountability, all the interviewed MPs perceive a high level of accountability to their constituents. It seems safe to conclude that electoral accountability is stronger today than it was in the past, before the introduction of multiparty elections, although it should be noted that even under one-party elections, there was a relatively high rate of turn-over of candidates. In that sense, electoral accountability is not a new phenomenon in the Tanzanian context.

It is very clear from the interviews that the MPs see as their main responsibility vis-à-vis their voters to bring ‘projects’ – whether in the form of roads, new schools, dispensaries or other tangible ‘goods’. MPs strive to obtain additional resources for their electorate by all means available, which includes lobbying through ministers, donors, and strong NGOs. While they understand not everything is their responsibility, they feel that the electorate does not properly comprehend such restrictions. As such, it seems to be essential to attract as many resources to their own constituency as possible, particularly in rural areas, where many voters will have a more personal relationship with the MP.

To be seen as effective in bringing in resources is also important in order to ensure influence in the party leadership and to secure support from the district administration. However, a number of the opposition MPs interviewed did stress that district officials may seek to undermine developmental initiatives by opposition controlled councils or projects brought by opposition MPs, if this is deemed to be the prudent thing to do politically.

**Hypothesis six:** As aspects of societal accountability, neither religious organisations nor NGOs appear to wield very much influence over budgetary decision making. Some observers suggest that the Teachers’ unions are rather more powerful.

Societal accountability appears to be relatively infant in Tanzania, although some important changes have taken place in recent years. The media is by far the most important actor, though the influence is stronger in urban areas. However, no strong influence is exerted directly on the budget process by the media. Religious groups are less important at national level, but at district and lower levels religious groups are key players. Religious groups and personalities are important in shaping peoples perception of Government and more generally of society as a whole due to their strong trust with the majority of the rural population. It is maintained that religious actors may also exert influence on budget allocations at district level, especially with respect to the delivery of social services. NGOs are considered to be increasingly influential through participatory budgeting processes, and through lobbying during the various parliamentary sessions. The role of business associations is also perceived to become increasingly important. They are more frequently getting involved in issues affecting growth and business environment. It is claimed that the recent tax reforms took into account the views and complaints from business associations. The trade unions are generally perceived to be weak in enforcing accountability and influencing the budget process, with the exception of the Teachers Union, which is considered to be relatively
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powerful. The hypothesis maintained earlier seems to hold, although, NGOs and business associations are increasingly engaged at some stages in the budget process.

**Hypothesis seven:** With regard to external accountability, donor agencies enjoy a high level of visibility but have less influence than is commonly imagined. Where donor interests conflict with domestic political interests, the latter will always predominate.

The interviews with the MPs appear to contradict this hypothesis. Close to half the MPs expressed concerns that donor influence was so strong that it threatens to undermine national sovereignty. However, the analysis of the landmark cases suggests a more nuanced view. For key decisions such as the abolition of the development levy and the reintroduction of agricultural subsidies, it is fairly clear that domestic political concerns were foremost.

Even in the cases of the abolition of the primary education fee and the introduction of local government reform, domestic political considerations played a stronger role than is commonly thought. The historical analysis of budget allocations in the years since the beginning of the PRS also points to the predominance of domestic over external priorities.

Nevertheless, the expressed view of the MPs that donors have too much influence over budgetary and policy processes is not one that should be dismissed out of hand. At the very least, it suggests that donor officials should be more mindful of the impressions they create in their interactions with MPs and other leaders. Several MPs mentioned a lack of transparency as a specific problem in relation to aid transactions and donor agencies should be mindful of their responsibilities to make available transparent, user-friendly information on proposed and actual aid expenditures.

5.2 Summary Overview and Policy Implications

Thus, both the interviews with MPs and the analysis of landmark budgetary decisions confirmed many of our initial hypotheses, most notably that the Executive has a dominant role in setting the budget and is subject only to a rather formalistic scrutiny and oversight by Parliament. The fact that decision-making within the Executive is focused very closely on the President and a small group of senior ministers was also borne out. The dominant role of the CCM party also emerged very clearly. Indeed, it would seem that the advent of multi-party democracy has strengthened the role of the party and tightened party discipline.

Accountability to the electorate emerges as the most powerful check within the Tanzanian system, mediated in particular through the role of the majority party, the CCM. We have seen evidence of significant policy decisions – such as the elimination of school fees and the elimination of the Local Government Development Levy, where a concern for the electorate was a driving force. At the same time, it is clear that – as in all countries, the concerns of the electorate tend to be rather simplistic and are, as such, easily manipulated. In this context, the weakness of Parliament as an agency of horizontal accountability is especially worrying.

Nor should there be any illusions about the ability of NGOs, the media and other domestic interest groups to play a corrective role with regard to the Executive. As expected, their role is modest. Indeed, they are more generally perceived by MPs either as a source of local level projects (NGOs, faith-based organisations) or as a campaign tool (the media) rather than a democratic check on Executive power.

With regard to the forces of external accountability, MPs made no mention at all of the African Union or the East African Community and it seems clear that these bodies would only
become relevant in the event of wars or major trade disputes. The role of donors exercised the minds of MPs much more forcefully: clearly they are highly visible and seen to hold excessive power. On the other hand, a more detailed analysis of budgetary decisions suggests that the role of donors is distinctly subservient to that of domestic political interests. Donors may be able to insist on increased transparency by the Executive and perhaps on certain issues the Executive may be said to be answerable to the donors (for example through the Performance Assessment Framework for General Budget Support) but there is no sense in which there is controllability within this accountability relationship.

Overall, this adds up to a weak structure of checks and balances and a structure of power dominated by the Presidency, the Executive and the CCM Party. On the positive side, this is almost certainly helpful in facilitating coherent and resolute policy-making, without the need for continuous compromise and lengthy consultation. On the other hand, it means that Tanzania has an inherently weak democratic fabric. Put simply, if the CCM party were to elect an unscrupulous leader as the Presidential candidate, there would be few effective, formal controls to keep the power of such a person in check.

Of course, this is unlikely. Why? Because there is a powerful set of essentially informal controls militating against such an outcome. The CCM is a party with strong traditions, rooted in part in the ideas of Nyerere and ujamaa socialism, in part in the strong religious and social fabric of Tanzania. It is also a disciplined party with strong respect for rules. One powerful example of this is the fact that, in sharp contrast to the situation in Uganda, Malawi and Zambia, there has been no pressure to alter the Constitution so as to permit President Mkapa to run for a third term. The rules are seen to be more important than the person.

Within the Executive, Tanzania also benefits from having a strongly independent Central Bank and a largely independent civil service. Although senior appointments are made by the President, these are generally chosen from within the ranks of the civil service.

Yet these counterbalancing checks may generally be described as traditions rather than formal rules with a legal and constitutional backing. The Tanzanian Government and its people need to consider how far it is wise to continue to rely on these traditions and on the basic good sense of its leaders. Consideration may need to be given to introducing legal and constitutional changes designed to improve the balance of power between the Executive, the Legislature and the other organs of democracy.

These changes need not necessarily be radical: through a structured set of small changes across a range of areas, it ought to be possible to achieve a better balance of powers. For example, consideration might be given to:

- Moderating the powers of Presidential appointment so as to reduce the number of appointments made directly by the President and, in relation to specific sensitive posts – such as the Controller and Auditor General and the high court judges, to introduce a formal structure of committees responsible for presenting the short-list of candidates from which the Presidential appointments should be made.

30 In this respect, Tanzania is not dissimilar to the UK, where many democratic checks and balances derive from precedent and tradition rather than from legal or constitutional controls – indeed the UK is almost unique in not having a written constitution. Yet, the UK has seen a steady erosion of the power of Parliament during the large majority governments of the Conservatives under Margaret Thatcher and Labour under Tony Blair. (Sampson, 2004)
Clarifying the roles of District Commissioners in relation to the District Councils.

Clarifying the role of the Speaker within Parliament and the rules within which he or she must operate so as to ensure neutrality.

Strengthening the roles of the Parliamentary Public Accounts Committee (PAC) and Local Authorities Accounts Committee, particularly through the provision of legal powers to enforce follow-up actions in response to recommendations.

Lifting the present party monopoly on political elections to allow candidates to contest as independents, perhaps initially for Local Government elections but eventually for national elections too. As has been shown throughout this study, the total dependence of candidates on their parties for their political positions will continue to undermine their potential for imposing accountability whenever it may be seen to go against the interest of the party. Allowing independent candidates could be one of the most effective and simplest ways of bolstering the independence of the legislature.

Yet it would be wrong to focus exclusively on legal and procedural changes as the most effective way of strengthening accountability within a government. There is much that could be done at the technical and administrative levels to remove the factors that constrain effective engagement of Parliamentary committees in the formulation, adoption, oversight and control of the budget. These include:

- Increasing the time available for scrutiny;
- Providing more user-friendly information at an earlier stage of the budget cycle;
- Providing advisory, training and research support so as to improve the technical capacity of MPs.

There are already a variety of government and donor-financed initiatives which provide support of this type but the impression is that they are implemented in a rather piece-meal way rather than as a coordinated effort to strengthen Parliamentary scrutiny and oversight.

Such efforts at the Parliamentary level could be usefully reinforced by deliberate actions to open space for the electorate and other actors to participate in monitoring the budget process. Much of the present participation in processes such as the Public Expenditure Reviews (PERs), commendable as such efforts are, risks becoming tokenistic unless there is more transparency in actual expenditures and how these agree, or don’t, with the budgets. The importance of transparency in financial affairs becomes more important still at the district and village level. As has also been shown in the ethnographic study in Component 2 of the larger Accountability Study, access to understandable financial information at the local level is a real obstacle to accountable oversight in Tanzania.

Finally, the government and donors should seek to be more transparent in the aid negotiation process. It seems likely that the MPs’ apparent overestimation of the donors’ influence, to a large part derives from a lack of information on project and other donor funding and on the arguments that are shaping the policy debates between donors and the Executive.
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