# The challenge of consensus building: Tanzania's PRSP 1998–2001

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#### ABSTRACT

As evidence of the failure of policy-based aid mounted in the early 1990s, a 'new aid agenda' developed. The agenda emphasised among other things, the importance of dialogue and partnership in order to help build ownership of more complex second-generation reforms. The Poverty Reduction Strategy Paper (PRSP) has developed as the key instrument for implementing this partnership in much of sub-Saharan Africa. However, this is not the only objective of the PRSP. Tanzania, at the forefront of attempts to restructure government—donor relations and one of the first countries to prepare a PRSP, illustrates the tensions created by the PRSP's complex genealogy and how these are being worked out in practice.

## INTRODUCTION

Tanzania's tempestuous relationship with donors has proved fertile ground for commentators. This may be because Tanzania's changing relationships not only mirrored the pan-African experience, but did so in extreme form. During the hope and optimism of the 1960s and early 1970s, Tanzania was a donor favourite. In the acrimonious adjustment era of the 1980s, Tanzania stood at the forefront of resistance. In the 1990s, as the

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'new aid agenda' put partnership centre stage, Tanzania once again became a donor favourite, and in 2000, it became the second country, following Uganda, to submit a PRSP to the Boards of the World Bank and the International Monetary Fund (hereafter the Bank and Fund) (see Devarajan et al. 2001; Gould & Ojanen 2003; Harrison 2001; Kapur et al. 1997; Kiondo 1989; Tjonneland et al. 1997). This makes Tanzania an excellent case study for exploring how successful the early PRSPs were in building a new partnership between the government, donors and civil society, and enhancing ownership of reforms.

Although the need to operationalise proposals put forward by then Bank president, James Wolfensohn, to forge new partnerships and enhance ownership of reforms, were key objectives of the PRSP (Wolfensohn 1997, 2002), they were not the only ones; the PRSP was also conceived as a response to a number of other challenges facing the Bank and Fund in the late 1990s, including:

- increasing criticism of the Bank and Fund, in the wake of the 1997 Asian crisis and the perceived failure of structural adjustment in sub-Saharan Africa;
- the need to reinvigorate or replace the Policy Framework Paper (PFP) which was intended to provide a basis for Bank/Fund coordination, but which was increasingly being ignored by the Bank; and
  campaigning by Northern NGOs for a stronger link between debt relief
- campaigning by Northern NGOs for a stronger link between debt relief under the enhanced Highly Indebted Poor Counties Initiative (HIPC-2) and a commitment to poverty reduction (Christiansen & Hovland 2003).

This paper explores how the potential tensions between the PRSP's objectives of forging new partnerships and enhancing ownership of reforms, were reconciled with its elevation to become the centrepiece of dialogue between the government, the Bank and the Fund, and the new conditionalities attached to debt relief under HIPC-2. In answering these questions, the paper draws on fieldwork conducted in Tanzania in 2002 and 2003, to offer a rich ethnographic description of the critical period (1998–2000) during which Tanzania's first PRSP was drafted. Its microlevel account of the process explores how the global PRSP template was mediated by the different state and non-state actors who developed Tanzania's PRSP. The paper explores how the policy network that drafted Tanzania's PRSP evolved, examines the breadth of its membership and assesses its autonomy, and then considers the impact of this on ownership of policy in Tanzania. The account therefore complements and enriches studies, such as Gould and Ojanen (2003), which examine the

emerging government–donor–civil-society partnership underpinning Tanzania's PRSP; Harrison (2001), which focused upon the interpenetration of government and donors in aid-dependent countries such as Tanzania; Kjaer (2004), which explored the role of the President in reform; and Therkilsden (2000) and Kelsall (2002), which explored the mutual interests that have sustained the government-donor partnership in Tanzania.

The first part of this paper focuses on how the policy network which co-wrote Tanzania's PRSP developed. The second part explores their role in drafting the PRSP and the limits placed on their autonomy and on civil society participation, by the Bank's, Fund's and government's unwillingness to relinquish control. The third part assesses the impact of this on 'ownership' of the PRSP and its policies. The paper concludes by using the Tanzanian experience to explore some of the tensions created by the PRSP's complex genealogy.

### THE ROOTS OF PARTNERSHIP

In 1985, Tanzania implemented its first Bank and Fund supported structural adjustment programme. Good progress was made at first, but by the early 1990s this was beginning to stall. Donors, led by the Bank, raised the stakes, demanding 'second generation' institutional reforms that required President Mwinyi's administration to confront powerful vested interests directly (Bigsten *et al.* 2001). Mwinyi, not fully committed to reforms, held back. Donors started to fear that he had lost control, as not only corruption, but borrowing and tax evasion increased; fiscal discipline was lost, and even hard-won first-generation economic reforms began to unravel. In 1994, a massive tax exemption scandal broke. Senior Treasury staff, including Kagoma Malima, the minister of finance, were directly implicated and many donors lost faith, suspending aid and creating an impasse that neither side seemed able to resolve (Selbervik 1999; van Donge & White 1999).

The aid crisis within Tanzania in the early 1990s was part of a wider pan-African crisis in government—donor relations. In much of sub-Saharan Africa, a degree of policy change had been achieved, at least in part, through the coercive power of conditionality. However, by the 1980s, slippage, non-implementation and reversals became commonplace, particularly as the focus shifted to more complex second-generation reforms, such as civil service reforms and privatisation (Mosley *et al.* 1995). With little enthusiasm within the Bank for a still tougher stance, support coalesced behind a more positive rationale of 'ownership'. In place of the

hard 'coercive' power of conditionality, the Bank would seek to exercise softer 'discursive' power through dialogue and partnerships (Callaghy 1995; Holtom 2003; Kapur *et al.* 1997).

Within Tanzania, in a bid to resolve the impasse, a team of experts, led by Professor Gerald Helleiner, was agreed by all sides. Their report, Development Co-Operation Issues Between Tanzania and its Aid Donors, popularly known as The Helleiner Report (Helleiner et al. 1995) provided a catalyst for change (Gould & Ojanen 2003). In the decisive passage of their report (Helleiner et al. 1995: 10–11), they concluded that:

Local ownership is ... at its greatest where aided activities reflect local goals and priorities, preferably based on a genuinely consultative national consensus, where the identification of projects and programmes to be assisted rests primarily with the recipient government and there is minimal resort by donors to policy conditionality ... None of this course precludes extensive and early stage consultations with donor agencies to arrive at outcomes which satisfy the objectives of all parties ... Nevertheless, ownership must mean that the final decision rests with the recipient government.

On the donor side the Bank was singled out in particular, while the government was criticised for its lack of 'vision', and the failure to improve revenue mobilisation and fiscal management (*ibid*.).

Despite some uncomfortable language, the Helleiner Report's construction of the crisis as an issue of ownership was one that both sides could live with, offering each a path back from the precipice. For Mwinyi's successor, President Benjamin William Mkapa, the promise of greater ownership created the political space needed to enable him to rebuild relations, and access the donor aid and initiative needed to tackle the economic crisis facing the Tanzanian state (Therkildsen 2000). For donors, willing to give Mkapa a chance, and keen to disburse funds and get reforms back on track, it fitted neatly with the emerging narrative about the roots of the global aid crisis (Bigsten *et al.* 2001; World Bank 1997).

The Bank in particular seized the opportunity created by the Helleiner narrative. Authority was decentralised to the Bank's country offices, and in 1995 a new director for East Africa (Jim Adams) was appointed. As one experienced observer put it, 'Jimmy Adams was sent with a mission: to get the Bank back in business' (donor interview). In line with the principles of the Helleiner narrative, the Bank moved the Consultative Group meetings from Washington to Dar es Salaam, enhanced government involvement in the preparation of the PFP, and opened up the Public Expenditure Review (PER) and Medium Term Expenditure Framework (MTEF) processes. By 1998, they had become the focal point for policy discussion and formulation

between the government and donors (Bigsten et al. 2001; IEO/OED 2004).

The emergent Helleiner-sponsored partnership between government and donors, led by the Bank, was possible because it supported and facilitated the agenda of each (see Gould & Ojanen 2003; Therkildsen 2000). This may have been a necessary condition, but as the following section demonstrates, it would probably not have been sufficient to explain the speed with which Tanzania's partnership developed; in order to fully understand this process, we need to consider not only the institutional incentives that led to high-level agreement, but also the discursive outlooks and personal relationships of those responsible for translating this high-level political commitment into policy.

# 'A FRATERNITY OF ECONOMISTS'

In the 1960s and 1970s, a generation of economists left Tanzania to complete their Ph.D.s in North America. The ideas they returned with would transform economic discourse in the Faculty of Economics, and spark a bitter 'war' with more left-leaning departments, such as Law and Sociology, within the University of Dar es Salaam. These economists formed a nascent 'epistemic community' (see Haas 1992),2 that would catalyse the transformation of economic discourses within government, enabling the first generation of reforms within Tanzania (Holtom 2005). Some of these economists, such as Professor Osoro and Dr Mjema, stayed on within the University, whilst continuing to advise the government. Some, such as Professors Wangwe, Amani and Semboja, setablished or joined donor-funded think tanks such as the Economic and Social Research Foundation (ESRF) and Research on Poverty Alleviation (REPOA), that became embedded in policy-making. Some such as Dr Likiweille, joined the government, becoming the head of Poverty Eradication in the Vice President's Office, which would go on to coordinate Tanzania's PRSP, and some such as Professor Ndulu and Dr Tarimo joined the World Bank.<sup>4</sup> The role played by this 'epistemic community' in rebuilding relations in the wake of the Helleiner Report was decisive. As an experienced Tanzanian political commentator from the University of Dar es Salaam put it:

It's a fraternity of economists, from ESRF, from town,<sup>5</sup> East Africa or London to Washington; it's all a network of people who have worked together, who share certain basics and know their stuff... they're I think united, not by personal – OK by personal links, but also by a certain understanding paradigm. The paradigm which they work with is the same, so they can talk to each

other ... after Nyerere left, there was you could say no left dissenting critique at that time. So those people [economists] just fitted in very well and they started dealing with the IMF and offering advice, consultants, researchers and the rest is history.

This epistemic community of economists not only shared the discursive outlook of donors and key technocrats within the government, such as Peniel Lyimo, the then deputy permanent secretary, Ministry of Finance, but provided the additional capacity necessary to translate the president's political commitment to reform into policy (cf. Bigsten et al. 2001; van de Walle 2003). In contrast, before the Helleiner process, there was little government initiative and capacity, leading government ministries to rely on Bank policies and direction (Bigsten et al. 1999; Therkildsen 2000). The government's ability and willingness to draw in external expertise meant that as the Bank opened up the economic policy-making process, ceding leadership to the government and creating new structures, such as the PER, the foundations for a new 'policy network' were already in place (see Marsh 1998); Bank officials had partners in government who spoke the same language, and with whom they would work on the PFP (1998/ 99-2000/01). This network would continue to develop, drawing in economists from other donors and key policy-oriented NGOs, such as ESRF and REPOA, to work in partnership on the PER/MTEF working groups in 1998 and 1999 (IEO/OED 2004; Tripp 2003).

In 1998, Tanzania began developing its PRSP. Given high-level support from the president, who had prioritised HIPC debt relief (Kjaer 2004) and the strength of the pro-reform network of economists (Helleiner 1999), the Bank was confident. As a senior Bank official put it, it made it 'very easy to make [the] transition to the PRSP as a participatory process led by the government'.

After running into teething problems drafting the PRSP, the Vice President's Office enlisted the help of ESRF, who in turn called on members of the University of Dar es Salaam's Economics Department, to form a Technical Committee who would draft Tanzania's PRSP (interviews with staff at the Ministry of Finance and Vice President's Office; see also IEO/OED 2004). This team worked closely with their former colleague, Professor Ndulu, who as noted, was now at the Bank. The nature of their collaborative relationship is well captured by one of the key authors of the PRSP, when discussing the Bank's influence over the drafting of the PRSP:

Yes, Professor Ndulu was following the process, and you see, and I don't know how to put this, Professor Ndulu is a World Bank employee, but he's also a Tanzanian. He never influenced the World Bank to accept our views. But at the

same time he would suggest here and there, purely in terms of the quality of what was expected, rather than on specific details. So, yes, he was a key player in terms of advising, in terms of giving various decisions by the World Bank. For example, in the agricultural sector, he just made a suggestion that we should include it in the PRSP. So, subsequently, the government decided to formulate a broader strategy in those two areas. But believe me, there was no pressure.

Given the acrimony of the 1980s and early 1990s, the transformation in government donor relations this represented was remarkable, testament to the willingness of the Bank to adopt a more collaborative stance (ESRF 2005). However, the partnership remained narrow, restricted to a fraternity of economists, and a key challenge for the PRSP was therefore to broaden it. Unfortunately, as the following section will demonstrate, attempts to broaden the policy network foundered, with dialogue stifled by pre-existing policy commitments, and ownership compromised by the lack of confidence of an external Bank review team.

## CONDITIONALITY AND THE LIMITS OF PARTNERSHIP

Although the civil society sector flourished in the wake of political liberalisation in the late 1990s, its role in policy development was, with the exception of ESRF and REPOA, limited (IEO/OED 2004; Tripp 2003). Moves towards granting debt relief in the mid-1990s provided a focal point for civil society engagement, and the Tanzania Coalition on Debt and Development (TCDD) was formed in 1998 to lobby for debt relief for Tanzania. The PRSP promised not only debt relief, but participation in policy-making, and in early 2000, with the support of Oxfam GB, TCDD and the Tanzania Social and Economic Trust (TASOET) convened a meeting of NGOs to discuss and to try to coordinate the sector's response to the PRSP.

Civil society participation in Tanzania's PRSP was patchy. TCDD was initially invited to organise the zonal workshops, designed to enable 'grassroots' participation, but was subsequently forced to withdraw, and engagement began to break down (interviews with NGOs and staff at the Vice President's Office; see also DANIDA *et al.* 2001). Parts of the government remained suspicious of the legitimacy and accountability of some NGOs, and the government proceeded to organise its own consultative process, whilst TCDD established five steering groups, which prepared a joint civil society report for the PRSP (TCDD 2000). The issue was a difficult one for the Bank, seeking both to support country ownership and to 'enforce' participation as a PRSP conditionality (IEO/OED 2004). In the event, feedback from the zonal workshops and TCDD were passed onto the team drafting the PRSP, and with the encouragement

of the Word Bank, civil society was re-engaged in a national workshop to review the draft PRSP (McGee et al. 2002).

Civil society's contribution included calls to decouple macro-economic conditionalities from debt relief and the PRSP process. This reflected the bitter conflict within Tanzania over structural adjustment, and debate over macroeconomic policy might have been expected to be at the heart of the PRSP process. However, in practice, there was little debate, and civil society's contribution was contested. Tanzania's PRSP would be structured around four themes: macroeconomic policies; protecting expenditure in priority areas; supporting export-oriented growth in the agricultural and industrial sectors; and increasing investment. Whilst some proposals from civil society, such as a focus upon corruption, were partially addressed through the inclusion of the judiciary as a priority sector in the PRSP, there was very little debate over macroeconomic policy, which remained resolutely orthodox (i.e. 'sustaining macroeconomic stability') (IEO/OED 2004).

The failure of civil society to influence policy (Gould & Ojanen 2003) reflected the limited capacity of much of civil society, with the notable exception of ESRF and REPOA, to engage in technical debates (DANIDA et al. 2001; IEO/OED 2004). It also reflected the fact that the PRSP was both shaped by the pro-reform consensus of its authors (see Harrison 2001), and a document designed to be approved by the Boards of the Bank and Fund in order to swiftly secure debt relief (IEO/OED 2004). Nevertheless, the PRSP was also clear that 'the poverty reduction strategy is to a large extent, an integral part of ongoing macro-economic and structural reforms that are being supported by Tanzania's multilateral and bilateral partners' (URT 2000: 14), with the Fund's Poverty Reduction and Growth facility (PRGF) and the Bank's Programmatic Structural Adjustment Credit (PSAC-1) cited in particular (*ibid.*). Crucially, the PRGF, based upon the earlier Enhanced Structural Adjustment Facility (ESAF) and Tanzania's interim-PRSP, was agreed six months before the full PRSP, with the Bank's PSAC agreed three months before (IEO/OED 2004). In practice this meant that macroeconomic policy in the PRSP was largely pre-determined and non-negotiable, as compliance with the PRGF and PSAC were themselves conditions for reaching the HIPC completion point (EC 2000). As one senior Bank official put it, during an interview when he described the Bank's response to Tanzania's request for HIPC debt relief:

now we told them [the government] in that case you need to have three things: First is to prepare a poverty reduction strategy [the PRSP] ... second was that, [they] must continue with the macro economic reforms, the macro economic

stability, there's not getting off track, because for *growth*! because growth is necessary and for growth you need a stable macro-economic environment; the third requirement was to continue with structural reforms – the privatisation process.

Given the considerable controversy aroused by reforms such as privatisation within large sections of the government (Therkildsen 2000), CCM,<sup>8</sup> and the electorate (Chaligha *et al.* 2002; Mmuya 1998), the Bank's and Fund's position on this issue is hard to reconcile with the PRSP's objective of fostering greater partnership. Indeed, it conflicts with the recommendations of the Bank's and Fund's own evaluations of consensus building. For example, the Fund's external evaluation (IMF 1997: 54) recommended:

[In] the consensus-building process, it is important that opposing views within government are allowed to be expressed freely and openly, and where they appear to be predominant, they should not be browbeaten into silence. On the contrary, such predominant opposing views and positions should be discussed fully.

Whilst the PRGF and PSAC had been discussed with government, there was little wider participation, creating the potential for conflict. For example, as one NGO source put it:

Reading the first [PRSP] document we found all the stuff very friendly, but realised later that [there was] another document, the PRGF ... and we realised this too late ... [we were] told, 'not an open document' ... where was this coming from?! No link to the PRSP! ... so our fight was to make the PRGF more open.

The root causes were timing – the PRGF had already been prepared and agreed, and reopening and renegotiating it, in light of the PRSP, would have been difficult – and the way in which the PRSP had raised expectations amongst civil society about the prospects for debating policy. Unfortunately the Fund compounded these tensions by refusing to release a copy of the PRGF to NGOs, before it was pointed out that the Fund had already posted it on their website. Relations continued to deteriorate. During a workshop to discuss a draft PRSP document, NGO representatives came across a reference to a 'PRSP Conditionality Matrix' in 'Appendix 9', only to find that Appendix 9 was missing. This missing document was subsequently leaked by one of the bilateral donors to the NGO *Haki Kazi* [Right to Work]. The appendix outlined 30 conditionalities covering politically sensitive areas like the privatisation of TANESCO (the state electricity company). The conditionalities were technically not part of the PRSP *per se*, but conditions for HIPC debt relief

(EC 2000), but the distinction was a fine one, and the damage already done.

Both the Bank and Fund have conceded that the approach taken towards conditionalities in countries like Tanzania was a mistake (IMF/IDA 2000a). As a senior Fund official argued during an interview, lessons had been learnt and, as he put it, later HIPC conditionalities were 'much more streamlined ... maximum of four or five key points'. Moreover, over time, important elements of the PRGF, such as restrictions on priority expenditures, were realigned to reflect the priorities outlined in the PRSP. However, there has been little recognition of these moves by civil society, and the realignment has not been driven by the PRSP process, but by the pre-existing network of economists working on the PER (IEO/OED 2004).

Whilst a source of anger amongst much of civil society, the conditionality issue is a complex one. Because both the government and donors, such as the Fund, agreed in principle on the need for neo-liberal economic reforms, it was not conditionality *per se* that drove policy and reform (see e.g. Harrison 2001); it was the discursive power of institutions like the Bank and Fund, embodied in the sort of 'epistemic community' that developed in Tanzania and drafted its PRSP. As a senior official at the Fund explained:

Starting [from the] mid 1980s, relationships has been more contentious in the sense that Tanzania at that time trying to meet a set of external conditions being proposed as conditions of financial support of the IMF ... think what changed, mid-'gos probably, late-'gos certainly is a process of internalisation of process of reforms themselves ... not that conditionalities have changed much. [The] IMF provides support on a conditional basis, [but] not a sense of us against them now. They look at the merits of reforms rather than seeing them as IMF conditions.

Given Tanzania's recent history of conflict with donors, this was a major achievement. The real problem with conditionalities in countries like Tanzania, is not that they force governments to do what they would not otherwise do, but that they are inimical to the open 'participatory' debate and dialogue that the PRSP process is supposed to embody. This not only weakens the potential to foster dialogue and consensus with those who oppose policies, it can weaken support amongst those who are in favour of the policy and the process. For example, as a well-regarded senior Ministry of Finance official, widely regarded as a pro-reformer, put it:

I think that one [PRSP] ... it was purely a standard procedure or requirement for accessing HIPC, otherwise we – I – could say we might have well used the TAS [*The Tanzania Assistance Strategy*], and that was why in the process there was quite

a lot of confusion, and tug of war ... about whether PRSP was undermining TAS, or whether we're duplicating things ... We see the PRSP as a one time process, but we see the TAS as a permanent process ... after a few years they'll be another initiative ... but our TAS is going to be there.

This position does not question the macro-economic framework outlined in the PRGF/PSAC, but suggests that even within the Ministry of Finance, ownership of the PRSP was not as strong as it might have been. Government ownership of the PRSP outside the Ministry of Finance remained weaker still (IEO/OED 2004; KK Consulting 2001).

The tensions caused by HIPC conditionalities were compounded by what one source euphemistically described as the Bank's 'technical assistance' during the development of the PRSP (NGO interview). Some of this was the quite legitimate advice of senior Bank officials to the team drafting the PRSP. As an important stakeholder, the Bank had a quite legitimate and welcome voice in the process. Moreover, as the PRSP would inform future Bank lending, the Bank was understandably keen to influence its content (IEO/OED 2004). However, not all of it was so sensitively or discreetly handled. A senior government policy-maker confirmed allegations from two bilateral donors that the Bank rejected early drafts of the PRSP because they did not adequately address 'cross-cutting' issues like gender and the environment. 10 Bank 'assistance' continued, most controversially over the decision to abolish user fees for primary education. This high-profile policy was apparently inserted at the Bank's behest. This was not only a major public relations coup for the Bank (keen to raise its poverty profile through support for universal primary education), but also paved the way for a \$150 million primary education sector loan, in the face of opposition from bilateral donors. The move would cement Bank leadership in the sector. One NGO interviewee described how the decision was made:

If you follow that process carefully, you will note that much of the cabinet was against this, and the penultimate draft of the PRSP had nothing on school fees. It's really that some of us convinced the Bank that this is the right thing to do and, at the last stage, when the PRSP was with the President, it got put in there.

Most controversially, Bank 'assistance' would continue even after the PRSP was finalised. A Bank team from Washington working on Tanzania's PRSP had already seen Uganda resist the Bank and submit its *Poverty Eradication Action Plan* as its 'PRSP'. Tanzania's PRSP would thus effectively be the first 'PRSP' to go before the Boards of the Bank and Fund. A number of NGOs and donors alleged that concerns were raised by the Bank Team about the 'quality' of the Tanzanian PRSP, leading the

team to redraft it in Washington. Interviewees from a number of NGOs and a bilateral donor suggested that the final draft was not substantively different, but a lot of the local 'flavour' – people's voices, women's complaints of drunken husbands, land issues and the like – was lost. This allegation is supported by the Bank's and Fund's independent evaluation, which noted tensions caused by 'heavy editing' and the Bank's and Fund's 'formatting requirements' (IEO/OED 2004: 60); and in interviews, senior Ministry of Finance staff alluded to this and the serious impact it had, not only on ownership at the higher echelons of the Ministry of Finance, but among an already hostile civil society. As one put it:

I don't think there was a serious compromise on ownership, just because [The Bank and Fund were] saying the format should be changed, the way this wording should be changed a little bit, editing, I don't think that was material. But I think one thing, one has to observe: as long as it is an initiative which the public construes as external, there will always be that concern that, you know, local ownership has been compromised.

This fear was amply illustrated in interviews across the NGO community, during the course of the research. Common reactions reflected the view of a member of the Tanzania Coalition for Debt and Development (TCDD) that the 'World Bank's only seeking legitimacy from civil society for the policies they are bringing to our country, which we rejected for years.' Civil society engagement since then has been mixed. The TCDD collapsed soon after the PRSP was completed. However, it has since been revived and its focus has now shifted to engagement around sectoral issues such as education and health and poverty assessment, where a number of NGOs have begun to make effective contributions. Indeed whilst civil society participation within the PRSP itself was unsatisfactory, it laid the foundations for future engagement, by helping forge new links between NGOs and by stimulating a process of critical reflection that has led many to enhance their capacity to engage. More recently, the NGO Policy Forum was established in order to consolidate this process (interviews with NGOs and donors; see also ESRF 2005; IEO/OED 2004; McGee et al. 2002).



The literature on aid and policy change suggests that successful reform movements depend upon both political support and the presence of a proreform technocracy (see Broad 1988; Devarajan *et al.* 2001; Nelson 1999). Tanzania had high-level political commitment and a pro-reform epistemic community that sustained first generation reforms; arguably what

Tanzania lacked, was a broader base of support that could sustain more complex second generation reforms (Therkildsen 2000). The 'participatory' process promised by the PRSP was intended to provide the basis for forging a new tri-partite partnership between government, donors and civil society, helping foster a broad-based pro-reform consensus (Maxwell 2003; Wolfensohn 2002).

For its supporters, the PRSP process in countries like Tanzania has opened up the policy-making process to previously excluded voices, helping forge new partnerships and building ownership of much needed economic reforms (IMF/IDA 2000b; ODI 2000). For its opponents, the process is fundamentally deceitful, a form of 'conditionality by stealth', intended to legitimise the Bank's policies (Abugre 2000; see Campbell 2001). The strengths and weakness of Tanzania's PRSP illustrate elements of truth in both these positions, highlighting both the progress made in consolidating a government—donor partnership, and the fault lines created by the Bank's and Fund's initial reluctance to let go.

On the positive side, the Tanzanian PRSP helped provide a focal point not only for the Bank, but also for bilateral donor co-ordination; and although the process has been slower, it has supported the increasing alignment of Fund policies and conditionalities with those of the government and other donors. It also helped consolidate a strong pro-reform policy network bringing together Tanzanian economists in government, the Bank, the university, ESRF and REPOA, with their expatriate counterparts in bilateral donors and the Fund. This, coupled with political commitment from a president who recognised the need to secure much needed aid and debt relief, provided the basis for a much stronger government-donor partnership than existed in much of the 1990s. This is to be celebrated, and considerable progress has been made in securing macro-economic stability and economic growth. Moreover, the PRSP process in Tanzania continues to develop and mature, and as in much of the rest of the world, the process is helping to improve policy-making, for example by helping prioritise social expenditure and strengthen the links between policy and finance (Driscoll & Evans 2005).

On the negative side, the narrow and truncated 'participatory' process through which Tanzania's PRSP was drafted, largely failed to drew in new actors or open up macro-economic polices for debate. In particular, the government's initial reluctance to open up the PRSP process to civil society, coupled with limited civil society capacity and the structural limits placed on its participation by pre-existing conditionalities, meant that membership of Tanzania's policy network remained narrow and largely limited to a fraternity of neo-liberal economists.

The narrowness of Tanzania's partnership, Bank interference and the Fund's inflexibility, meant that within government in 2002, even within the Ministry of Finance, ownership of the PRSP, as opposed to its policies, was patchy. More seriously, if you scratched below the surface, as the technocracy gave way to civil servants less versed in the neo-liberal discourse, ownership of policies also weakened. Donor interviewees also suggested that although many poorly paid civil servants had joined the aid gravy train, in return for the 'four Cs' (cash, cars, computers and cellphones) as one colourfully put it, there was little enthusiasm for, or engagement with, many of the reforms, and this was creating resistance and hampering implementation in some areas (see also Kelsall 2002). Beyond government, with the notable exception of ESRF and REPOA, most of civil society remained opposed to key reforms such as the privatisation of state utilities, and hostile towards what they saw as the continuing imposition of Bank/Fund policies (see also Gould & Ojenen 2003).

Macroeconomic debates were not the only area of tension. Whilst the Helleiner 'narrative' (see Roe 1991) may have correctly diagnosed weak ownership as a problem, in so doing, it silenced discussion about another important underlying cause of the crisis: the link between neo-patrimonial politics and corruption (Kelsall 2002). It was, after all, corruption, not weak ownership *per se*, that precipitated the suspension of aid (Selbervik 1999; van Donge & White 1999), yet in the Helleiner Report this thorny issue was sidelined in favour of the 'crisis of ownership' (Helleiner *et al.* 1995).

For many donors, the link between neo-patrimonial politics and corruption had become the 'elephant in the room', that everyone knew was there and was impeding reforms and development, but which few were willing to publicly acknowledge (interviews with donors). Some sectors of civil society sought to raise the issue during the preparation of the PRSP, but whilst the 'judiciary' was, with Bank encouragement, included as a priority sector (IEO/OED 2004), little progress has been made since (see Kelsall 2002). There is no question that the issue is a complex one. The ruling party has come to rely upon neo-patrimonial politics to sustain itself, and that demands money, but is understandably reluctant to address an issue which may threaten its powerbase. Nevertheless, the issue must be addressed if reforms and development in Tanzania are to succeed (see Piron & Evans 2004; White & Killick 2001).

Tanzania faced, and continues to face, very difficult choices, and building a genuine popular pro-reform consensus is likely to be necessary to sustain much needed economic and institutional reforms. This consensus will be difficult to achieve, but to succeed, the process must be founded upon genuine debate and dialogue (IMF 1997). Donors therefore need to ensure that the new 'partnerships' are not simply tools to consolidate existing networks and enhance government accountability to them, but processes that help create political space for previously excluded domestic actors, such as civil society (White & Killick 2001).

Many of the tensions in Tanzania were inherent in the PRSP itself, a process designed to address different constituencies and forced to reconcile competing aims such as promoting partnership whilst shaping future Bank lending and imposing new conditionalities. Despite this, the PRSP process is evolving. The initial anxieties amongst Bank and Fund staff about letting go are receding, and in countries like Tanzania, the PRSP process is, with the support of the Bank, creating new political spaces, building confidence within government about civil society participation, and helping spur civil society to acquire the skills and build the structures it needs to engage effectively. As a consequence, civil society involvement in the on-going PRSP process continues to strengthen, and new broader policy networks are slowly developing. This has the potential to help strengthen understanding and ownership of reforms (Christiansen & Hovland 2003; Driscoll & Evans 2005; ESRF 2005).

## NOTES

- 1. Considerable concerns were raised over the administration of the Open General Licence scheme (OGL) intended to provide foreign exchange to importers, and over tax exemptions. Initial estimates suggested that only TZS 8bn of an estimated total TZS 44bn had been collected. The deficit, TZS 32 bn, was equivalent to 10 % of the total government revenues at the time (Selbervik 1999).
- 2. Haas (1992: 18) defines an 'epistemic community' as the characteristics of a network that has 'a shared set of causal principles (analytical and normative) and beliefs, a consensual knowledge base, and a common policy enterprise (common interests) that distinguishes epistemic communities from other
- 3. Principal Research Associate (former Executive Director) and Principal Research Fellow (now Executive Director) respectively at the ESRF and Executive Director of REPOA, respectively.
  - 4. Lead Sector Specialist, Macroeconomics and Consultant Macroeconomist, respectively.
- 5. The University is on 'the hill' on the outskirts of Dar es Salaam.
  6. 'Policy network' is used here to describe the shared discursive outlook and relationships between state and non-state actors involved in economic policy-making in Tanzania (see Marsh 2001).
- 7. Food Security, Health, Education Group, Participatory Poverty Assessment and the Macro Economic and Budget Group.
  - 8. Chama Cha Mapinduzi [Revolutionary State Party], the current ruling party in Tanzania.
- 9. The Tanzania Assistance Strategy (URT 1999) was a government initiative intended to provide a framework for donor co-ordination, and pre-dated the PRSP.
- 10. The IMF Independent Evaluation Office and World Bank Operations Evaluation Department suggest that these areas were 'revised based on Bank feedback' (IEO/OED 2004: 60).

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# Interviews (all conducted by the author)

Interviews are not ascribed to individuals, to respect confidentiality

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