

Tanzania's legislators, civil society seek greater role in reforms and poverty reduction policymaking

On October 14–15, the IMF and the Tanzanian Parliament's Committee on Finance and Economic Affairs sponsored a macroeconomic policy seminar—the first of its kind—for the country's legislators. A workshop was held for representatives from civil society and the media the following day. Both events—which took place in Bagamoyo and drew some 30 parliamentarians and 20 representatives from local think tanks, nongovernmental organizations, and the press—focused on Tanzania's widely heralded reforms under President Benjamin Mkapa to step up the pace of development and poverty reduction.



Members of the Tanzanian Parliament's Committee on Finance and Economic Affairs and participants in a macroeconomic policy seminar gather after the meeting.

There was broad agreement among participants that Tanzania's reforms, supported by the IMF and the World Bank, have helped the country make a successful transition from a state-controlled to a market-oriented economy. In recent years, Tanzania has enjoyed high economic growth (around 6 percent a year), low inflation (around 4 percent a year), robust reserves, increasing foreign capital inflows, improved government revenue collection, and sound expenditure management. This performance is in stark contrast to the previous 30 years when annual growth averaged about 2 percent (less than the rate of population increase) and annual inflation averaged more than 30 percent.

The country's strong reform efforts have attracted substantial support from the international community, including \$3 billion in debt relief under the IMF–World Bank Heavily Indebted Poor Countries (HIPC) Initiative, and aid is expected to increase significantly in FY 2005 to \$1.4 billion (equivalent to 13.3 percent of GDP). “Tanzania can serve as an example of what can be achieved with determination and effort,” said Robert Sharer, the IMF's mission chief for Tanzania.

However, much remains to be done if Tanzania is to meet the United Nations Millennium Development Goals. Participants pointed to the fact that poverty and disease are still widespread, the country continues to be dependent on donor assistance, development efforts remain constrained by a narrow export base and regional instability, and the benefits have not been evenly spread—with 90 percent of the

poor living in rural areas. Parliamentarians asked that the benefits from debt relief under the HIPC Initiative be used to improve social services and increase expenditure for the poor. Representatives for the local nongovernmental organizations and media wondered whether the poor would even benefit from macroeconomic stabilization.

Peter Ngumbullu, IMF Executive Director for the constituency including Tanzania, said that these challenges must be addressed through ambitious and consistent reforms, keyed in particular to improving the business environment and bolstering the agricultural sector. Deputy Minister of Finance Festus Limbu reiterated his government's commitment to reforms, noting that only nationally owned reforms can fully succeed.

Stepped-up dialogue

Another major concern was access to information and the need for an open dialogue. Parliamentarians said that they—as elected representatives of the people—had not been sufficiently involved in the formulation and decision-making process regarding the development of Tanzania's poverty reduction strategy, the budget, and other important economic reform issues. They emphasized their role in ensuring that the voices of the people are heard in the major policy debates, including conveying to the IMF the social implications of its policy advice. For that reason, they greatly welcomed the two-day workshop. Njelu Kasaka, Chair of the Committee on Finance and Economic Affairs of the Tanzanian Parliament, noted that recognition of legislators as “an important interlocutor of the IMF is a commendable turnaround.” Marie Shaba, with the Tanzania Media Women's Association, said that “this is really a milestone for us,” adding that “anti-IMF ideas may be there because previously there had been no interaction.” Musa Bilegeya, Tanzania Association of Nongovernmental Organizations, stressed, “let the people debate economic decisions.”

In recent years, the IMF has expanded its outreach to parliamentarians, organizing and participating in country seminars, workshops, and regional conferences. IMF spokesperson Thomas Dawson emphasized that these seminars offered an opportunity for a truly open two-way dialogue. “It allows us to listen to your concerns and to improve our understanding of the political, cultural, and social context in which economic decisions are taken,” he said. ■