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## Switzerland in Tanzania: Small contributions go a long way

Richard Gerster\*

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“Switzerland does a good job. I have personally been involved in an evaluation years ago. I still remember the Swiss spirit of innovative thinking that prevailed in the training of small contractors in Morogoro region. It became an important model which was adopted country-wide. This leverage provided real value for money – for Tanzania as well as for the Swiss taxpayers”, says an enthusiastic Benno Ndulu, Governor of Tanzania’s central bank.

### **Leverage thanks to budget support**

Tanzania together with India and Mozambique has been one of the “top three” partner countries in Switzerland’s bilateral development cooperation for many years. 40 million inhabitants, many of them living in extreme poverty, peace and long lasting relationships, particularly of confessional nature with Switzerland, are some characteristics of this partner country in east Africa. From Tanzania’s perspective, Switzerland’s contribution of over 25 million US dollars (29 mio CHF; 2007) only puts it on the 15<sup>th</sup> place among all donors. Switzerland’s chance to contribute significantly to Tanzania’s development lies therefore with the quality rather than the quantity of its contribution. Switzerland’s approach is to use a mix of instruments: financial support for specific projects such as spreading the use of mosquito nets to prevent malaria and untied budget support by directly co-financing the health and state budget should mutually complement and reinforce each other.

With respect to general budget support Switzerland contributes an amount of 5,7 million dollars (6,5 mio CHF) which is less than one percent of the total sum – and is by far the smallest donor. “If 14 donors put together some 717 million dollars for budget support, there is a lot at stake for the government. This is why also Switzerland has considerably more influence than it would have in the context of one

project”, says Switzerland’s Ambassador Adrian Schläpfer referring to the leverage effect. Thanks to its (small) contribution Switzerland gets an insight into all areas of the fight against poverty as well as the government’s activities and can contribute its experiences. “If Switzerland were not a member of the donor group, we could, for example, not participate in the dialogue about the fight against corruption with the government”, says Carin Salerno Switzerland’s head of cooperation in Tanzania. In return, budget support also provides visibility for Switzerland as a stakeholder in the public, with the government and other donors. Holding the chair of the budget support group in 2006/07 has significantly contributed to this effect.



*In spite of being the smallest donor, Switzerland held the chair in the group of 14 budget support donors in 2006.*

The disbursement of one part of Switzerland’s general budget support depends on whether Tanzania has fulfilled very specific goals – just as is the case for the disbursements by Denmark, the European Union and Great Britain. In 2008 well over one million dollars (1,5 mio CHF) were tied to five select criteria contained in the overall assessment framework for budget support. Two of the five criteria were not met, for example, Tanzania could not improve its ranking in the World Bank’s international comparison of business conditions (“Doing



*A mosquito net is being sold – Switzerland plays a lead role when it comes to the fight against malaria and promotion of health.*

Business” reports) as planned. The contract between Switzerland and Tanzania leaves room for interpretations. Instead of simply cutting contributions dialogue can be sought. If convincing reasons why the criteria were not met can be presented, Switzerland can still disburse the payment. Whether this works in practice, however, is open. The government has announced on its own accord to address the improvement of the business climate more actively than it has done so far.

### **Swiss trumps**

Switzerland is using a combination of different forms of support. In line with its self-concept it tries on one hand to feed concrete experiences from the poor’s livelihood into the dialogue, on the other hand it also tries to shape the dialogue at the national level. “In this way Switzerland plays a decisive role in the elaboration of the Joint Assistance Strategy for Tanzania (JAST)”, tells Yuko Suzuki, responsible for the coordination of aid at the UN’s Development Programme (UNDP) in Tanzania. The Helvetic engagement in general budget support as the country programme’s backbone

is strengthened by technical assistance, for example to the policy analysis department of the finance ministry and to the central bank of Tanzania. Switzerland emphasises the health sector, government accountability and more recently also agriculture as its thematic foci.

Important elements of Switzerland’s year-long engagement in the area of public health (see separate article) are the fight against malaria, improving health services with direct contributions to the health sector and indirectly through budget support. In 2009/10 Switzerland has once more taken on the chair of the donors’ health working group. This is one way it can feed its profound knowledge into the discussions and has access to the experiences of all other donors.

The donor group focusing on issues of good governance has also entrusted Switzerland with the co-chair until 2009. The basis for this position of trust was the support which Switzerland has provided to civil society and the media, in order to enable the citizens to increasingly demand accountability from the government:



- Together with other donors Switzerland has established a fund for civil society. This fund awards contributions similar to budget support to key programmes of civil society organisations. With its transparent guidelines and the considerable number of some 400 contributions per year the fund has a noticeable resonance.
- When it comes to the media fund for the promotion of investigative journalism and professional education the coordination among the donors also lies with Switzerland (see separate article). “The initiative to set up the Tanzania Media Fund was one of the best steps in Swiss development cooperation”, compliments the activist Rakesh Rajani unexpectedly – he is also known for very critical positions. Strengthening a professional and at the same time uncomfortable media landscape has broad effects.

When it comes to agriculture Switzerland strengthens private initiatives for the cultivation and marketing of promising products such as cotton, sunflowers or sesame. The Rural Livelihood Development Company

(RLDC) creates income in rural regions and contributes in this way to job creation and the reduction of poverty (see separate article).

### ***Tanzanian appreciation***

From the perspective of research Joseph Semoja, Executive Director of an independent research organisation REPOA, makes the following assessment: “Small donors can make a difference in dialogue. When it comes to brains, size doesn’t matter. In dialogue people listen, independent of the financial contribution.” And the uninvolved Irenei Kiria, Executive Director of the non-governmental organisation Movement for Health Governance adds: “In general budget support there is no such category as small donors. That is the beauty of working through general budget support.” Benno Ndulu, Governor of Tanzania’s central bank makes the point that “smaller donors sometimes have a more independent way of thinking and are prepared to speak out. Moreover, a broad support from various donors is an encouragement for the government and makes a ganging up among donors more difficult. Also in gen-



*Sunflower oil is lucrative and its cultivation is promoted by Switzerland.*

eral budget support the Swiss contribution benefits from an enormous leverage – in favour of the poor.”

Mugisha G. Kamugisha, until 2009 Commissioner for Policy Analysis in the Ministry of Finance also stresses that in budget support “all partners are able to discuss issues critical to the country’s development with an equal footing regardless of how big or small they are. General budget support does not involve some kind of voting power that depends on the resource envelope a particular partner puts into the pool.” And he continues: “There have been several countries chairing the general budget support donor group. So far the Swiss chairmanship (2006/07) was the most effective.”

### ***Not only budget support, but also legal assistance***

Switzerland’s positive reputation is a commitment. On the occasion of the 2008 annual conference for budget support corruption was a central topic. Edward Hosea, Director General of the Prevention and Combating Corruption Bureau, called upon the donors to support his authority in the repatriation of stolen assets transferred abroad. Without the cooperation of foreign nations nothing will happen. According to his assessment, Switzerland is also among the countries which are very reluctant in the

provision of legal aid. The readiness and openness to effectively fight the abuse of public funds is demanding consistency, also when it comes to legal assistance, in order to ensure a lawful use of tax money. Such an attitude is consistent with the basic ideas of budget support. According to the report presented at the 2008 annual budget support conference, the government and all donors, including Switzerland, have agreed that it goes without saying that the main responsibility in the fight against corruption lies with the government, that the donor, however, provide support and “timely legal aid upon demand”. Will the revised Swiss banking secret and legal assistance also be beneficial for Tanzania?



*Strengthening independent media is a priority for Switzerland.*

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\* The author, Dr. Richard Gerster, is an economist and works as independent consultant and publicist ([www.gersterconsulting.ch](http://www.gersterconsulting.ch)). This article is part of a series commissioned by the State Secretariat for Economic Affairs (SECO) to take a closer look at budget support from various points of view. They reflect the author’s personal opinion.