



Influencing policy in a pro-poor manner: Pio Wennubst, Tanzania

1. Involvement in promoting a pro-poor agenda in policy dialogue

We, not me personally but SDC in Tanzania, have been formally responsible for orienting our programme in the perspective of the **harmonisation** agenda and the improvement of aid effectiveness¹. For four years in a row, we have been participating in the Development Partner Group (DPG) on health as the chair of the group and have recently handed over this responsibility to the World Bank. Chairing the DPG implies you are basically in charge of the relation with the government and civil society or other actors from the donor side in whatever relates to health. At the same time since four years, Switzerland also chairs the Health Basket Fund, a mechanism of donors that are supporting the Tanzanian government in financing of the health sector. Switzerland is also part of different technical committees in the health sector. One of these committees is focused on financing of the health sector. Here we are engaged in policy dialogue related to support the government in their attempt to focus and stay focused on financing primary health care, which addresses directly poverty. It concentrates on the major diseases that are typically related to poverty such as malaria, HIV/AIDS, tuberculosis. This involvement consists of a daily support to the government in the areas of delivery of primary care and prevention and the allocation and use of funds at district level.

Important in the pro poor discussion is not to come with oversimplified recipes like for example those recommended by Jeffrey Sachs. What is coming out of our involvement in the health sector is that free services mean no services. With free for all policies there is never enough offer to cover the huge demand in health. Free services would result in the upper and middle class receiving services, with nothing left for others. Also, the health-related work of the many missions in the country show this; they all nowadays have a cost recovery mechanism.

Switzerland is contributing to the **General Budget Support (GBS)** and since three years in the chair of the group of GBS partners. Through the PRBS Switzerland is directly engaged in active policy dialogue related to the implementation of the Mkukuta, the Tanzanian

Poverty Reduction Strategy. GBS is a financing mechanism to support the implementation of the Mkukuta and the Tanzania economic and social development vision 2025 to fight and reduce poverty and the attempt to reach the Millennium Development Goals. Being responsible for the coordination of the US\$ 650 million of the basket means that we are in charge of the negotiations with the government. This is a daily part of our work. For 2007/2008, we also chair for one financial year (we use a troika system) the Private Sector/Trade Development Group. The general trend of donors in supporting private sector development is not specifically pro-poor focused. It is more focused on improving the environment for the private sector in general, a classic support in strengthening the enabling environment to do business.

In general, policy dialogue is an important part of my job as Country Director and of the team. It takes about half of my time while the other half relates to team management. How does one do this? A Country Director has no clear mandate or examples on how to manage a COOF or to engage in policy dialogue. So you fill this in your own way and by using your own management style.

2. Whose policy we seek to influence

We are, first of all, in policy dialogue with the government - mainly through active participation in the different donor partner groups and thus also with other donor partners. Through our participation in Private Sector Development we also try to influence corporate strategies.

3. Choice of policy or policy issues

As mentioned before, Switzerland has committed itself to harmonisation and the improvement of aid effectiveness, and to supporting the Tanzanian Government in implementing the Poverty Reduction Strategy that they adopted. Therefore we have oriented our programme to be consistent with these challenges, and have limited our activities to 3 domains, governance for poverty reduction, economic growth and asset development for the poor and physical wellbeing.² At the same time we try to maintain consistency between activities supported at micro and at macro level. Micro

¹ Based on Switzerland's commitment to the 2005 Paris Declaration

² Switzerland's revised Country Programme (2007-2010), www.sdc.or.tz

level activities focus on the central corridor of Tanzania, which covers some of the poorest regions in the country.

In governance, for example, we work on strengthening civil service mechanisms and accountability processes in an effort to give the poor a voice. This means concretely that we are supporting civil society itself through the Foundation for Civil Society, which provides grants to civil society for activities that are quite different. An interesting example is the running of a local market, where local traders have to pay a fee to operate. This fee is usually collected by the local authorities, which in return do not provide any services. As a result people do not see why they should pay this fee. In this project the collection of fees is outsourced to a small private company that at the same time offers local services such as, for example, security. Another example is funding of information services via civil society to the public about people's rights; what is your right to ask from a local government or how to push the local government to be transparent in the use of its money.

4. Knowing that an approach will be pro-poor

In how far the general budget support focuses on poverty alleviation is debatable. It depends very much on the political choice a government makes in addressing poverty issues. The first Poverty Reduction Strategy Paper (PRSP) was much more focused on directly addressing well-being related services such as access to water, access to education and access to health care. Now in the National Strategy for Growth and Reduction of Poverty (NSGRP) we are witnessing a shift towards supporting more sustainable economic growth. Presently, the Tanzanian Government says that to better target poverty they need sustainable economic growth and therefore budget assistance from the donors. I personally doubt that the strategy is as pro-poor as it claims to be. There are no magic ways to poverty reduction. It is the intention of the present government to re-strengthen agriculture and agriculture-related activities such as agri-industry; supporting agriculture in terms of added value, value chains and market oriented production and not necessarily primary food security by direct production. In general the donor community is supporting this move towards economic growth.

Working in market-oriented production is not with the poorest. How far can we serve the most under-served in entering the market? Frankly speaking, according to me this is limited. Development instruments are quite expensive. To reach the most under-served you could use more humanitarian aid or regulatory mechanisms through the government or support communities to take a social protection role. I find this a difficult issue and a rather grey area between humanitarian aid and social development. When you are using classic instruments in supporting economic growth it is almost unfair to say you can serve the marginalised. In some cases this may be possible, for example in an area with many marginalised people. Market economy activities work where there are already certain assets. We have to be honest with ourselves in working with the most marginalised.

In general, we have received the last four years consistent support by the head office, in particular by SODEV and the Desk Officer to keep pro-poorness on the agenda and alive in our programme.

5. The approach in bringing in a pro-poor agenda

In the health sector, we have chosen a **sector wide approach**. With our participation in the health basket, contribution to GBS, and the implementation of our health programme, Switzerland acts in a coordinated manner with other donors in trying to support the government as far as possible to follow the strategies they have established. This means mainly to serve the under-served, the old, and the diseased with regard to the main diseases that affect poverty. Through the basket, we worked initially on making the health system work overall, followed by a focus on effective implementation of the system at district level. The present discussion on the replenishment of the basket in 2008 focuses on exclusive funding of service delivery at district level.

Via support through the health basket, we came, for example, to the creation of so-called health boards at a local level - consisting of both representatives of consumers and of the health service providers - that aim to discuss different aspects of service delivery. This formation of local health boards is still in process, with some already functioning but others not at all. This is not an easy process - basically because the moment one works on accountability to the public, power dynamics come into play.

It is debatable whether the next example is pro-poor, but it well illustrates the consequences of involvement in policy dialogue and the DPG mechanism. The Tanzanian Government uses money to invest in an increase of the number of health dispensaries in rural areas. They argue that this is a pro-poor measure and in theory they are right. The proximity to health services increases. Our argument as a donor group, however, is that by doing this the government is diluting the possibilities to strengthen services that are already weak, like a lack of health care personnel. By increasing infrastructure without strengthening the capacity of delivery you basically weaken your services in the future. From our donor perspective we face a problem with what the government presently places on the agenda as social services. This is a trade off we have to accept when we take the stand of supporting the government in being more and more in the driving seat of the development of their own country. By supporting the GBF you basically accept the political choices a government takes. So if the government decides to put all its money in health care infrastructure, we can raise concerns, show examples from our experiences and put proof on the table that this might be problematic with regard to sustainability. At the end, however, it is up to the government to decide.

How many times do we get the opportunity to really use our field experiences or micro level experiences to contribute to well-informed policy dialogue? This is not

as easy as we would like it to be. Yes, we do use them but this is a cautious yes as many times we were not able to prove that micro level experience was useful in policy dialogue at macro level. Still, it is an important approach although in Tanzania the environment is crowded, and there is competition. Our example of the Insecticide Treated Bed Nets (ITN) [against malaria] could be used very concretely with data and figures. However, it is also the victim of its own success because it has become more political as the voucher system used creates transparency, and is therefore less open to corruption. Some of the parties involved do not always welcome this. But this is an example of a mature project with long-standing experiences. By comparison, for example, in the case of our Rural Livelihood Development Programme, we have not been able to share any innovative results at policy level. The programme includes corporate social responsibility and business ethics. We have supported the programme now for the last three years but this is too short to make use of it for policy dialogue at macro-level - and for the time being it still in a phase of finding legitimacy in our programme.

In general, we should continue micro level activities that are good, and accept that not all such activities can be scaled up to national level, or for policy dialogue. For instance, financing of speciality coffee under our SECO financed project is very specific and it is difficult to extract any general rules that you could apply to other value chains.

Macro level policies can also be used to support implementation. An example of putting a policy into practice is the cashew nut value chain. We embarked on the cashew nut value chain with SECO finances basically because at a macro level all the elements for an enabling environment are, in theory, in place. If in reality this environment corresponds to this macro level it is a logical choice to support the environment. We found out that in the case of cashew nuts in practice it works differently. Instead of playing their regulatory role, the government still has a big say through the cashew board, which influences (fixes) the pricing of produce. We learned that as long as farmers expect the government to increase prices it is no use supporting them, as it basically kills all their initiative. For the time being it is worth investing at a pilot scale in the value chain with selected people.

6. Collaboration with other donors on policy issues

We try in general to avoid a 'working alone' attitude. In Tanzania as a result of the **harmonisation** process and with the involvement of a large donor community, less and less is unknown, fewer and fewer things need to be taken up, and different actors are working on the same things. Therefore it is very difficult to be the lone inventor of something innovative. We always try to link up with others. As I mentioned we are very active in a number of partner groups of donors, and working together with other donors is part of our daily work.

The problem of us donors is that we do not always speak the same language, even though we say we harmonise, and sit around the same tables. And we do not always agree with each other. Take the example of HIV/AIDS. Three to four years ago all donors agreed and supported USAID in the prevention of HIV/AIDS in terms of the reduction of social stigma, use of condoms, etc. Then the Americans moved out. Here we and other donors did not follow. A more general example we have concerns decentralisation. We all agree on decentralisation, but if you go into the details you will discover that this very much depends on our own history. Switzerland is a very decentralised country and SDC has experience in decentralisation in many countries - for example, Bolivia. For us, the Swiss, decentralisation could go a lot further in Tanzania than for example in the opinion of France.

7. Tangible outcomes in promoting a pro-poor approach

A good example in promoting and being pro-poor is our involvement in the Insecticide Treated Bed Nets (ITN). We support a private-public partnership and a cost sharing mechanism that allows us to see who is benefiting from the system. It includes a follow up mechanism that allows checking who is actually getting the treated nets. With the national voucher mechanism introduced, the population pays a fee for each net. Unfortunately 10-20% of the most under-served have difficulty in financing the nets. Now a group of donors, including Switzerland, has created a catch-up scheme. This has introduced a second targeted voucher system for those people who cannot afford the nets using the first voucher. The system basically assures that the nets reach different groups, such as infants, children under five – they are equity vouchers for the **poorest of the poor**. So far this has had major effects on the reduction of infant mortality.

8. Main challenges and main lessons

In general, in policy dialogue we tend to think in a very technocratic manner. We always forget the more challenging political elements. We face a huge political mis-match between on the one hand the focus on eradicating poverty, and on the other hand the resources available. Leaders in general promise the moon but are not able to offer even a small piece of it. If we are serious, we have to agree that the Mkukuta permits everybody to get on board Tanzanian development and be happy. The Mkukuta is almost a replica of a national financial plan as, besides the army and a few other elements, it basically covers all what the government should do. We as donors try to focus on what is important but we are often not able to. And each time the government attempts to focus on a few major issues for the next 4 years, in the aim of setting priorities, we as donors come forward with suggestions to consider this and that. This is a major challenge in a country with more than 40% of its financing coming from external aid.

Secondly, when you focus on poverty reduction this means you have to re-address your resources. A good example is the plan of the government to set up a

hospital for heart surgery because this is what the upper class in Tanzania wants so they do not have to fly to India or South Africa for this purpose. This costs the Government a huge amount of money; something in the range of 60 million dollars while in total for a whole year the government has about 300 million dollars to spend in the health sector. Are you then placing your priorities right? This will be a challenge and struggle in the near future.

There is a tendency in Tanzania to move away from the poverty focus and back to infrastructure investment. I anticipate that the second poverty reduction strategy is the last of its kind pushed or not by the donor side. I feel that in the discussions with other partners and the government it is less of an issue. Economic growth is the issue.

9. An example of pro-poor policy influence

Some years ago, our former President Mr. Mkapa wanted to go for free health services for all, after some pushing by the British and the prospect of another 60 million dollars to support this. He asked his Health Minister to prepare a 3-pager within 48 hours with arguments as to why he should continue the fee-based policy Tanzania has been following over the past 14 years. The Minister, who was personally convinced of the need for user fees for services, came to the Swiss cooperation, as chair of the Development Partner Group, and asked for support to prepare this paper. Luckily a few weeks previously the technical advisors of the partner group had already prepared a similar note because we had foreseen such a situation coming. It is exactly this sort of discussion, pushing, pulling, lobbying, etc. based on our experiences, which illustrates the meaning of being engaged in policy dialogue.

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