

PARLIAMENT AND THE NATIONAL ECONOMY: TANZANIA'S EXPERIENCE

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1. INTRODUCTION

- **The national economy** consists of production, distribution/trade and consumption of goods & services by individuals, businesses or governments in a country. Consequently, fluctuations in the national economy affect the welfare of all citizens, businesses & conduct of public affairs.
- **Development & the national economy are the overriding concerns of citizens and typically define who wins/loses a general election.** Key issues that dominate voter concerns include: jobs, inflation/ cost of living, transport infrastructure, energy, availability & quality of basic services (water, education, health, defense & security), distribution of the national cake, and corruption.
- **Remember: “It’s the economy, stupid”** – a variant of the phrase coined by James Carville (campaign strategist in Bill Clinton’s successful 1992 campaign against sitting President George H. W. Bush), to emphasize the importance of the then struggling USA economy as the most burning issue of that election. The future of any nation hinges on the way its economy and development process is managed at present.

2. PARLIAMENT AND THE NATIONAL ECONOMY

- **Strong or weak parliamentary oversight (supervision & monitoring of the Executive) is a major determinant of the success or failure in economic development and transformation programs implemented in a country. The main reason is that better economic governance is fundamental to delivering results. Remember, people will always deliver what you inspect not what you expect! However, I hasten to add that, it must be parliamentary oversight of the kind that is executed professionally and in the interest of the nation.**
- **Critical areas of the national economy where thorough and persistent parliamentary oversight is necessary include: progress made toward national aspirations or development vision; economic policies & strategies; revenue, expenditure & debt management; public investment management; management of natural resources; environmental sustainability; and robust monitoring & evaluation for results.**

2.1 Role of Parliament in Steering the National Economy

- **An effective parliament is crucial for creating an enabling environment for a dynamic national economy and use of national wealth for development of the people.**
- **Parliament has three main instruments for shaping the course of the national economy:** (i) representing and communicating very effectively people's aspirations, views and needs; (ii) enacting laws to govern the management of the economy and enable vibrant business; and (iii) scrutinizing and overseeing government actions to ensure transparency and accountability in the use of all public resources for common good and thereby win citizens' trust.
- **Pre-requisite for effective parliamentary oversight on the national economy:** For Parliament to perform these core functions effectively, MPs and staff of the Parliamentary Secretariat must have good knowledge of the global, regional, national & local economy and underlying dynamics. MPs must also have or build their capacities to analyze and interpret key related information & data. Without this, Parliament will simply be impotent--unable to provide independent, objective, professional and firm oversight.

2.2. Constitutional Mandate of the Parliament of URT on the National Economy

2.2.1 Fundamental Objectives and Directive Principles of State Policy

[cf. Constitution of URT 1977 Rev. 2005 Cap. 9 (c – e, g and (i - j))]:

- To ensure that national wealth and heritage are harnessed, preserved and applied for the common good;**
- That the national economy is planned and promoted in a balanced and integrated manner;**
- That every person who is able to work does work;**
- Government accords equal opportunities to all citizens;**
- Ensure that use of national wealth places emphasis on the development of the people and in particular is geared towards the eradication of poverty, ignorance and disease;**
- That economic activities are not conducted in a manner that may result in the concentration of wealth or the major means of production in the hands of a few individuals;**

2.2.2 Advisory & Oversight Functions of Parliament with a Direct Bearing on the National Economy

- [cf. URT Constitution 1977 Rev. 2005, Cap. 63 (2) and (3) (a) – (e)]:
 - **Ask any question to any Minister concerning public affairs in URT within his/her responsibility;**
 - **Debate the performance of each ministry during the annual budget session of the National Assembly;**
 - **Deliberate upon and authorize any long or short-term plan and enact a law to regulate the implementation of that plan;**
 - **Enact legislation where implementation requires legislation;**
 - **Deliberate upon and ratify all treaties & agreements to which URT is a party.**

2.2.3 Specific Responsibilities of the Budget Committee

- **Deliberate, comment & advice on the annual Plan & Budget Guidelines;**
- **Evaluate & scrutinise annual estimates of revenue & expenditure;**
- **Monitor & supervise implementation of the government budget;**
- **Analyse & advise on draft legislation with implications of increasing or reducing government revenue & expenditure;**
- **Carry out research & analysis of tax, monetary & accounting policies proposed by government;**
- **Deliberate & advise Parliament and Standing Committees on the government budget;**
- **Deliberate & advise government on revenue sources and measures to reduce budget dependency;**
- **Analyse, comment & advice on the National Development Plan**

2.2.4 Specific Responsibilities of Sectoral Committees

[Economy, Industries & Trade; Regional Admn & Local Govt; Social Services; Community Development; Land, Natural Resources & Environment; Agriculture, Livestock & Water; Infrastructure; Energy & Minerals]

- **Scrutinize and approve the budgets of the respective ministries**
- **Review bills and contracts proposed by the respective ministries to be tabled before Parliament;**
- **Follow up the performance of parastatal organisations under the relevant sector ministries**
- **Review annual implementation reports of the relevant sector ministries**
- **Follow-up implementation done by the relevant ministries;**

2.2.5 Specific Responsibilities of PAC, POAC & LAAC

[PAC, POAC, LAAC are responsible for scrutinizing expenditure of public monies at Ministry, Parastatals & local authority levels respectively]

- **Deal with chronic problem areas of misappropriation of public funds in ministries as identified in the reports of the CAG**
- **Follow-up implementation of recommendations of the Standing Committees aimed at eradicating the observed problems;**
- **Recommend and advise ministries, parastatals & LGAs on proper use of public funds in order to ensure the problem of misappropriation is reduced.**
- **Follow up the performance of parastatal organisations under the relevant sector ministries**

3. GOOD PRACTICES & EMERGING CHALLENGES

3.1 Some Good Practices from the Tanzania Experience

- **Representing constituencies' interests in National Development Plans:** Every November, the National Assembly meets as a Planning Committee to receive, deliberate and advise on a draft planning framework that spells out key priorities on the basis of which the development plan which government intends to implement in the subsequent fiscal year will be based. Similarly, once the draft ADP/ FYDP/ LTPP is finalised (including a review of implementation), it is scrutinised by the Budget Committee of Parliament to check if it addresses the most critical needs affecting society (current & future), before being tabled before the full House for deliberation and approval. The task of representing constituencies' interest at the two stages is exemplary;

- **The Parliament of URT is no longer the rubber stamp it used to be in the past.** Parliamentary scrutiny and oversight especially on fiscal management has clearly improved on many scores:
 - Notable improvement in the quality of government books of accounts at all levels as indicated by the increase in number of MDAs, LGAs & Parastatals receiving clean and unqualified audit certificates from the CAG;

 - Some sector budgets initially submitted by the government have had to be revised to accommodate inputs from Parliament & Sectoral Committees;

 - Some Ministers & government officials have had to step aside for political or administrative accountability purposes;

- **Budget Committee work on new sources of government revenue to finance development and reduce budget dependency:** Toward the end of 2012 the Budget Committee produced an invaluable input for use by the Government on alternative sources of financing the national budget, targeting increased revenue collection from improved port services, untapped natural resources such as fishing in high seas, and transit trade especially by improving the railway infrastructure and related services, as well as expenditure discipline;
- **Project inspection visits by Standing Committees:** Parliamentary committees (sectoral/cross-sector) routinely make monitoring visits aimed at inspecting implementation of development projects/programmes. During such visits MPs see for themselves what is going-on on the ground, hold discussions with beneficiaries & stakeholders, and provide advice or instructions accordingly for better results.

- **Innovative and pro-active leadership of the Legislature** from the era of “Speed & Standards” and now under a staunch Madam Speaker courageous to introduce reforms in the way Parliament does its business;
- **Capacity building:** Parliamentary oversight function in Tanzania has been reinvigorated through tailor-made capacity enhancement programmes for MPs and Parliamentary Secretariat (training, seminars, in-country/region/overseas study tours, dialogue with other watchdog institutions like CAG and PCCB, as well as engagement of independent experts & think tanks;
- **Opportunity to strengthen parliamentary oversight following introduction of BRN:** Recent introduction of the ‘Big Results Now’ initiative to improve government delivery, is an innovation that permits strengthened parliamentary oversight over the Executive and enhanced accountability, by having clear and measurable KPIs in National Key Result Areas (NKRAs) as the bedrock of a robust M&E system.

3.2 Emerging Challenges

- **Parliamentary oversight function is still constrained by limited capacities of MPs and Parliamentary Secretariat;**
- **Unclear demarcation of roles between Parliamentary Committees and the Executive on some functions e.g. identification & analysis of government revenue sources;**
- **Some objectives of moving to a new budget cycle held back by cash flow challenges: Revenue seasonality, unpredictability of external support and continued use of the monthly Cash budget system to instill fiscal discipline have hampered effectiveness of Parliament-engineered reform of the budget cycle aimed at improving implementation of the development budget and oversight function;**
- **Challenge of prioritisation: The most difficult parts of prioritization (robbing Peter to Pay Paul) and sequencing are yet to take root, in both the Executive and Legislature, more so as the general election year knocks at the door;**

- **Limited time devoted by Parliament to think and strategize long-term:** Issues of management & transformation of the national economy such as progress toward national aspirations or vision objectives & priorities, growth and related policies & strategies, opportunities to break with the past, building & strengthening institutions etc., need more prominence in Parliamentary debates and oversight function. Instead, more weight seems to be put on the annual budget (distribution of public monies) and much less on efficiency gains or recourse to new non-traditional sources of financing. There is also the issue of ineffective use of the time provided;
- **Interaction of Parliamentary Committees with strong business lobby groups:** Is a good development that needs to be harnessed well for national development. However, such engagement needs to be handled cautiously particularly on matters related to tax rates and base, exemptions & investment incentives or push for special treatment;
- **MPs are torn between national, political party & constituencies' interests;**

4. CONCLUDING REMARKS

- **Stringent oversight of Parliament is a major factor contributing to success in building & sustaining a strong national economy to meet developmental challenges of the day. Remember: better economic governance is fundamental to delivering results;**
- **However, it is also important to maintain a good working relationship between Parliament and the Executive;**
- **Capacity of the Parliamentary Secretariat to provide solid support to Parliament is also critical: Parliament needs to be backed-up by a strong Secretariat with excellent research & analytical capabilities and facilities. Ongoing efforts to establish a Parliamentary budget office are in the right direction and hope that a National economy unit could easily be made part of that office to support legislative oversight over fundamental national economy policies, strategies, transformation programmes, management of natural wealth & development choices;**
- **Training of MPs is equally important in order to sharpen their grasp of issues, recent developments & national economy dynamics**

- **Alignment of political party manifestos and the national vision:** The basis of Parliamentary oversight needs to be national interest and not to toe party lines. One way to do so is to ensure that all political party manifestos are subjected to compete to deliver the national vision & priorities therefrom as brought out in medium-term and annual development plans;
- **Dirty Politics: The bottom line** “It’s the economy stupid”. Too much time is wasted in the Parliamentary debates throwing punches and mud along political party lines. Unfortunately, the development agenda has often been marginalised or swept under the carpet, retarding genuine efforts to realise the country’s full potential. Surely, our people deserve better.
- **Opportunity under the ongoing constitutional review process:** Tanzania currently has a unique opportunity under the ongoing constitution review process. It is an opportunity that needs to be harnessed well, including that of strengthening parliamentary oversight to ensure prudential management of the national economy that is key to a brighter future for all Tanzanians. My humble plea is for national interests to override all other interests in this process.

THE END