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Report on Workshop
and TV Debate on Pri-
vatisation in Tanzania

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Introduction

The IMD has for the past two years been assisting political parties in Tanzania to enhance democratic practices by providing, among other things, technical expertise and financial resources. The assistance extended to political parties in Tanzania covers initially the six parties represented in the National Assembly (or Union Parliament), that is, parliamentary parties. Currently there are six parties represented in the Union Parliament and these include the ruling party, Chama Cha Mapinduzi (CCM), United democratic Party (UDP), Chama Cha Maendeleo na Demokrasia (CHADEMA), Tanzania labour Party (TLP), Civic United Front (CUF) and National Convention for Reconstruction and Reform (NCCR-Mageuzi). The Institute has assisted the parties individually by funding projects they have initiated in various areas including training of trainers, policy formulation, mobilisation, campaigning etc. The parties in Tanzania are also allowed to have joint programs the IMD could fund in order to assist those parties, which are not represented, in parliament. To date, however, this is yet to materialise not because the IMD has not made its position clear but more so because the parties have not submitted a proposal to that effect.

The IMD has also provided the political parties in Tanzania with a rare opportunity to come together and discuss issues of national importance. In September 2002 the Institute organised a live TV debate, which gave the parties the first forum to present together and debate their policy positions on poverty reduction in Tanzania. As expected the debate drew some considerable attention for it was the very first time such a debate was conducted in the country after reintroduction of multiparty politics in 1992. The debate generated such interest that both the parties and the public immediately asked for a second debate to be held if IMD could arrange one before the 2005 general elections. As part of its program in Tanzania the IMD agreed and in collaboration with ITV and the BBC organised such debate, which was held on the 27th September 2003 and broadcast live on both ITV and Radio One. The theme of the debate was *Privatisation in Tanzania*, which was selected and unanimously agreed upon by the parties themselves.

The IMD did more than pay for the debates in both 2002 and 2003. For the 2002 debate the Institute arranged for all the parties to be assisted through a consultant to first, prepare their policy positions and secondly, through the debate moderator held a seminar for the leaders of the political parties on how to conduct themselves during the debate. The setting was slightly different for 2003 live TV debate. The difference was in respect of preparation for the debate, which included a workshop for the leaders of the parties and invited participants. The workshop was on the same topic – *Privatisation in Tanzania* – and its objectives included, among others, to help the parties understand the concept of privatisation, get a detailed analysis of what has transpired in Tanzania from the relevant authorities – the Presidential Sector Reform Commission (PSRC) and share other experiences from invited international experts on the subject.

The workshop was also intended to enrich the individual party policy papers which, like in 2002, the political parties had to prepare with the assistance of a consultant paid for by IMD.

This report covers two major events starting with, in part one, the workshop. This part will briefly describe the IMD contribution to the parties, what the parties did and outcome of the workshop in terms of its expected output on the debate. Part two of this report contains an assessment of the TV live debate with specific reference to performance of the party leaders, reactions from the floor and a brief summary of the reactions from the general public as reported in various issues of leading daily English and Kiswahili language papers.

Workshop on Privatisation in Tanzania

General introduction

As stated above the workshop was organised by the IMD to give political party leaders in Tanzania an opportunity to gain detailed insights on privatisation in general and how the exercise has been conducted in Tanzania in particular. It was a two-day workshop attended by representatives from all the six parties with representation in parliament. With the exception of CCM, which, was not represented by either its national chair or secretary general, each of the other five parties was represented by high-ranking officers including party chairpersons and their secretary-generals or vice chair or members of the executive committees. Prof. Rwekeaza Mukandala of the University of Dar es Salaam chaired the workshop, which had three international resource persons presenting papers. The presentations were arranged in such a way that the first day participants were introduced to the concept of privatisation and related issues by a panel of international experts. The second day was reserved for discussion of privatisation drawing lessons from Tanzania.

The order of presentation of papers and deliberations was as follows: For the first day, Mr. Ad Melkert, former party leader (Dutch Labour Party) and minister of social affairs and nowadays the Netherlands representative at the World Bank presented a paper on *Privatisation: Don't be afraid, Don't be naive*; Prof. Adebayo Olokushi, currently Secretary General of the Council for the Development of Social Science Research in Africa (CODESRIA) presented a paper on *Privatisation from the North-South Perspective*; and Mr. Reg Rumney, Executive Director, BusinessMap Foundation of South Africa presented a paper on *South Africa Privatisation – Lessons for Africa*. And on the second day, Mr. John Rubambe, the Executive Chairman of the Parastatal Sector Reform Commission (PSRC), which is responsible for privatisation in Tanzania, presented a paper on *The Tanzanian Experience on Privatisation and the Role of the PSRC*. Two papers delivered by Mr. Stone of City Water and a representative of an NGO on *Tanzanian Experience of Water Privatisation* followed Mr. Rubambe's presentation.

The Workshop: Preparations and Discussions

In preparing for the workshop the consultant and author of this report had been given specific instructions (ToR), which included, among others, the following:

- Conducting research into privatisation and provide the six Tanzania parliamentary political parties, CHADEMA, CCM, NCCR-Mageuzi, TLP and UDP with information on privatisation and advice on policy formulation;
- To conduct in-depth research into privatisation, including areas such as role of government, role of foreign direct investment, role of local investors, constraints, critique of PSEC, and case studies;

- To formulate questions to be answered by political parties regarding their policy responses to the issues, respond to queries and set the parties “homework”; and
- To ascertain what information the political parties require; and to discuss the reaction of individual political parties in detail, examine solutions to problems, iron out inconsistencies, explore arguments (ideology) behind solutions, and explore how the political parties would finance such policies in reality.

In line with the ToR the consultant visited all the six parties and established contact with officers who were assigned the task of preparing the policy papers. With the exception of CCM, where only one person, Mr. Cosmas Hinju received the consultant, all the other parties had earmarked a team of three or four people to work with the consultant. In terms of learning the opposition parties were extremely keen to get information and use it for developing their policy statements. One of the specific exercises with each of the six parties was to get a list of their expectations from the privatisation workshop. Their individual expectations were compiled into one list, which was forwarded to the resource persons to respond to in their papers. The following issues were raised by the parties as what they had wanted to get from the presenters at the workshops:

- History of privatisation – background and reasons for privatisation, advantages and disadvantages;
- Differences with/or relationship with globalisation;
- A clear understanding of what is involved in privatisation, is it conversion of state owned enterprises into private owned entities or the building of an economy based on private ownership of the means of production and distribution of goods and services;
- Modalities for peoples participation in the exercise of privatisation, taking into account the fact that some countries have never been “socialist states” or aspired to build one, e.g., Kenya;
- Is privatisation a form of conditionality for IMF/World bank relationship with developing countries like Tanzania;
- Exposure to privatisation policies of other countries including contract terms between government and buyers of privatised enterprises;
- Experiences from other countries especially Europe, focusing on whether privatisation is selling of national /state enterprises to private foreign capital, and comparison of Tanzania’s experience with other countries;
- Role of opposition political parties in the privatisation exercise;

- In what specific ways could privatisation be viewed as helpful in strengthening the economy in general and alleviating poverty in particular;
- Main problems encountered in privatisation and concrete examples of success stories; and in specific terms the presenters from Tanzania had to address or give:
- (i) Post-mortem analysis of PSRC and its activities in Tanzania, (ii) relationship between PSRC and the Investment promotion Centre, (iii) to whom is PSRC accountable given the fact that Parliament has had in recent days complained but without remedial action;
- PSRC – what is Tanzania doing, are there guidelines or policy that is being followed, and any concrete evidence of success; and
- The workshop to serve as a forum for discussing privatisation and adopt concrete resolutions to be forwarded to the government for action.

Each of the six participating parties was given documents (some downloaded from various websites) and papers specifically prepared for the workshop. The following is a list of some of the papers/documents and topics contained therein:

Paper/Document	Contents/topics
To privatise or not to privatise (IEA monograph No. 4)	Introduction; Why we need private sector participation in the water sector; Critical issues about private sector participation; Why we oppose privatisation, or the lease of public assets in the water sector to foreign private companies; Private sector participation in urban water supply in Ghana-the planning and planning control perspective; Evidence and lessons mainly from Africa (Ivory Coast, Guinea, and Senegal)
Tanzania Investors Guide (PSRC information paper)	Privatisation process and procedures
Privatisation in Tanzania (PSRC paper from its website)	The need for privatisation – why it is necessary; Historical perspective – how it started

	<p>in Tanzania;</p> <p>Objectives of privatisation - what we want to achieve;</p> <p>Privatisation policy - what are the guiding principles;</p> <p>Privatisation strategy – which way, what options are there;</p> <p>Privatisation process and methods – how it is done;</p> <p>Ownership and control – why ownership is an issue;</p> <p>Valuation – which one and why we need to have one;</p> <p>Fears about privatisation – myths and reality;</p> <p>Incentives to investors – everybody else is privatising, why Tanzania.</p>
<p>Privatisation and foreign direct investment in mainland Tanzania 1992-1998 (CDR Working Paper Subseries No. iv 99.1)</p>	<p>Introduction;</p> <p>FDI in general;</p> <p>Actual sales and investments, 1993-98</p> <p>Conclusion</p>

The said papers were to some parties an eye opener, as they did not have any materials related to the subject before. The consultant, together with the party team members for the preparation of the respective party policy papers held frank discussions (unlike last year when some parties had reservations about the impartiality of the consultant) and the parties prepared themselves very well for the workshop and later the TV debate. Attendance was good with each party (except CCM – the ruling party) being represented by at least two people. The government was also well represented by a delegation from the PSRC including the Executive Chairman and legal counsellor.

As stated above workshop participants were treated to a well-prepared ensemble of papers starting on day one with the international presenters and in day two the Tanzanian experience. A summary of the workshop proceedings has already been submitted to IMD in a separate report.

We can only state here that the major objective of the workshop was met, and, leaders of the political parties that were present at the workshop had been exposed to a number of key issues regarding privatisation. These included the following:

- The rationale for privatisation and the need to have a policy and legislation in place before embarking on the process of privatisation;
- Lessons and experiences in the World Bank, South Africa and the rest of Africa emphasizing the fact that there is no universal model for privatisation;
- Many countries lack capacity to negotiate with investors especially in sensitive issues such as lay-offs, among others and, therefore, the need for building capacity because a successful private sector needs a capable state; and
- A comprehensive discourse on privatisation in Tanzania with explanations on such issues as: why privatisation was introduced in Tanzania, formation of the PSRC, privatisation policy, procedures and progress, regulatory mechanisms as well as challenges;

Each presentation was thoroughly discussed by the workshop participants and leaders of the political parties had every opportunity to request clarification from the presenters. At the end there was at least some common understanding that privatisation is in principle not resisted in Tanzania but the burning question is how the government is conducting the process. Participants raised concern on such issues as:

- Lack of transparency in the whole exercise especially in the privatisation of key institutions such as banks and utilities;
- Benefits accruing to the people and whether or not the people will be able to afford services at higher prices, that is, how the government will ensure the consumer is protected;
- How to prevent corruption in the privatisation exercise when contracts are secretly entered into between the government and investors;
- Growing unemployment as a result of retrenchment of workers from privatised enterprises;
- Privatisation not benefiting local entrepreneurs but favouring foreign capital and particularly from one country – South Africa; and
- Loopholes in the regulatory mechanism such that unscrupulous investors are defrauding the government and the development process in Tanzania.

The TV Debate: Summary

The Netherlands Institute for Multiparty Democracy (IMD) for the second year running organised and sponsored [in collaboration with Independent Television (ITV) and the British Broadcasting Corporation (BBC)] a TV debate of six political parties represented in the Union Parliament. The theme of the debate was the same as that for the workshop – Privatisation. The major goals for the debate included the following:

- Encouraging political tolerance in practice;
- Assisting the parliamentary parties in formulating or sharpening realistic policies;
- Helping the parties clearly differentiate their perspective ideological emphases and platforms;
- Giving the parties training in and experience of debating and communication skills.

The debate was held as part and parcel of the IMD overall goal of enhancing the process of democratisation through strengthening the capacity of political parties. The specific objective for the 2003 TV debate was capacity building and institutional development.

Six parties took part in the debate with CCM being represented by Dr. Juma Ngasongwa, Minister for Industries and Commerce and the other five (opposition) parties were represented by their respective national chairpersons: Prof. Ibrahim Lipumba of CUF, Augustine Mrema of TLP, John Momose Cheyo of UDP, Bob Makani of CHADEMA, and James Mbatia of NCCR-Mageuzi. Invited participants were carefully drawn from various social groups representing a cross section of the Tanzanian society including government officials (representatives from the PSRC), academics, politicians, private sector representatives, NGOs, women associations, the press and the Registrar of Political Parties as well as prominent individuals. Jan Nico van Overbeeke and Natasha Groom also represented the IMD.

The debate was well advertised by the organisers using every means available including TV, radio and newspapers in both English and Kiswahili. The ads ran for almost a month before 27th September 2003. There is ample evidence that the debate was well organised and many people followed the proceedings on ITV and Radio One. Mr. Joseph Warungu of the BBC chaired and moderated the discussion.

Preparation and Organisation of the Debate

The IMD (Natasha Groom) took the overall lead in preparing and organising the debate, which would have not been as successful without her tireless efforts. She almost single-handedly brought all the players together and needless to say organising such an event in a third world setting is not easy, every step is a job in itself. Every step has to be followed up including asking people whether they have received invitation letters and getting their

confirmation. Mr. Abdu Simba gave Natasha a small hand in delivering some invitations. And the specific role of the consultant was to assist the parties in preparing their policy statements as well as briefing Mr. Warungu on the subject and related matters including formulation of questions for use as guiding points to the discussants. The actual conduct of the debate was the sole responsibility of Mr. Warungu, and, like last year he performed his role very ably.

The party leaders were briefed in advance that each would be given a maximum of four minutes to present their opening remarks. At the end of the round all the speakers would be allowed to ask their colleagues questions or give a rebuttal after which the debate would be open to the floor for questions and/or additions what ever the case would be. It was further agreed that the party leaders would be responding to the issues raised from the floor with interventions from the panellists as well. The schedule was followed as agreed and the discussions were frank, critical and at times humorous as well. Overall, the debate was well conducted and each party as we shall see below tried as much as possible to outshine the others.

Main issues/Observations from the Debate

The September 27th 2003 televised debate was the second such debate involving political party leaders in Tanzania. As expected it drew attention not only of the participating political parties but the country as a whole. Viewers and listeners of the radio broadcast had been waiting to see and hear what the party leaders had in store for this democratic innovation in Tanzania. Without doubt all the parties had their own agenda other than debating for the sake of capacity building – they all needed an opportunity and a forum to prove to the people of Tanzania that they care for the interests of the whole of Tanzanian society. Understandably the parties could not desist to use the debate, as a platform for wooing would be supporters for the course in the forthcoming general elections slated for 2005. Overall, the following are issues or observations that could be said to have been the main highlights of the discussion during the debate. First a summary of what each party leader tried to say and secondly, reactions from the floor in a summary form.

a) Political party leaders

All the party leaders agreed that privatisation was inevitable given the fact that the *Ujamaa* policy and state owned enterprises had driven the Tanzanian economy to a dead end. They also agreed that given the forces of globalisation the Tanzanian state was hard pressed to change its socio-economic and political stance and adopt a market economy as well as its political equivalent – plural politics – which entails among other things structural changes in the way the economy is run and managed. As stated above each party therefore wanted to explain what it thought about privatisation and the best way ahead.

Chama Cha Mapinduzi (CCM) – the ruling party: the main agenda of the ruling party (CCM) was to defend its record on privatisation especially with regard to how it has conducted business and the advantages to the Tanzanian people. In that regard Dr. Juma Ngasongwa was quick to point out that privatisation has not only enabled the Tanzanian government to do away with subsidies to parastatal companies but in actual fact has created 67, 000 new job in the market.

Civic United Front (CUF) – an opposition party: the main concern of CUF was an unacceptable poverty levels and the suffering of Tanzanians. Professor Lipumba, Chairman of the CUF had serious reservations with the government estimate of per capita income of Tsh. 330 (33US cents) per day was not enough to feed a person. He also hit at the government's failure to curb rising unemployment as a result of poor privatisation strategy.

NCCR-Magenzi (NCCR) – an opposition party: at the core of James Mbatia's remarks were two related issues. The first related to procedure and the second accountability. He remarked that in the past any policy with the kind of national impact as privatisation would have first been discussed by the public to reach a consensus. This did not happen with privatisation in Tanzania. He therefore had serious reservations with transparency. Secondly he blamed inappropriate appointments to managerial posts of people who had messed up with parastatals without being accountable and in the final analysis passing the burden to Tanzanians to pay in the form of selling the state enterprises to foreigners at a throw away prices. He accused the government of irresponsibility.

Tanzania Labour Party (TLP) - an opposition party: the central theme of Augustine Mrema's presentation was corruption in high place and he accused the president of accepting a gold ingot at an opening ceremony of one of the new mines in Tanzania and keeping it for himself. Mrema's main thesis was that privatisation is failing because leaders take bribes from investors. He explained further by citing unfair labour legislation, which gives foreign employers total control over local labour without regard to security of employment.

United Democratic Party (UDP) – an opposition party: the Chairman, Mr. John Cheyo blamed the government for failing to enable Tanzanians to make money. He cited a number of examples where the government has not facilitated *wananchi* (the citizens) to acquire loans through, for example, using the land as collateral. He blamed bad government policy and legislation in that regard. He cautioned that Tanzania would remain poor if the current privatisation process does not take special cognisance of the plight of ordinary Tanzanians.

Chama Cha Demokrasia na Maendeleo (CHADEMA) – an opposition party: The CHADEMA Chairman was blunt in raising his concern over how the government has conducted the privatisation exercise. He expressed disquiet for the CCM national chairman, President Mkapa not coming to the debate for a second time in a row. His argument was that bad CCM policies including the way they (CCM's government) are handling privatisation are responsible for the economic ills afflicting Tanzania.

b) Contributions from the floor

The participants from the floor supported most of the observations and concerns raised by the opposition political party leaders. Rather than directing most questions to the ruling party representative, as was the case in 2002, the contributions from the floor raised some interesting issues in general and gave advice to the government on a number of issues. Almost all the speakers cautioned the government to be careful as they likened privatisation to a monster that will gobble up the entire nation. Most said privatisation kills employment, pushes the national economy backward as parastatals are sold to foreigners, mostly from South Africa at a throwaway price. They said the sales agreement should be more transparent as currently too much secrecy surrounds the whole process. In summary contributions from the floor suggested, among others, the following:

1. Agreed that privatisation is now a necessity and that deliberate efforts must be made to ensure that major means of production must be owned by Tanzanians and not by foreigners.
2. Privatisation agreements lack transparency, which is the main pillar of democracy. In this regard it is necessary for the government to conduct the privatisation exercise democratically, and ensure that the revenue collected from the sale of parastatals goes to the right coffers.
3. Privatisation has bred industrial disputes, retrenchment and people losing jobs due to the introduction of modern technology. One way to solve this problem is to establish a fund from the proceeds of selling parastatals that could be used to empower Tanzanians.

c) Impressions from the press and general public

It is not easy to say for sure that the debate had an immediate impact on the people and the way they see their political leaders. What can be said with certainty is that the debate has contributed substantially in building a culture of dialogue between the ruling party and the opposition parties as well as the need to discuss issues of national importance. The press did a good job to report the deliberations and carried several leading stories on front pages and editorials in the mass circulating English and Kiswahili newspapers. Even two weeks after the debate newspapers still carried

articles on privatisation thanks to the debate. We can cite the following examples:

1. The Express of October 16 – 22, 2003 carried two articles one with the title *Privatisation: The Critics have a point*, and the other was *Privatisation: Opposition's new election ploy*.
2. The African of October 9, 2003 had a full-page article with the title *A long way to the State House*.
3. The East African of October 6 – 12, 2003 had one of its columnists discussing the presentations of the party leaders in an article entitled *If CCM Looks Bad, Regard the Opposition...*

There is no doubt therefore that the debate was widely reported in the media and there is every reason to believe that the debate has stimulated further discussions among Tanzanians on various issues regarding the political life of the country. In this regard one can say the debate was a significant event and a step forward in bringing together political leaders from different parties to discuss such an important subject as privatisation.

Conclusion

In view of what transpired during the preparation for the debate, what actually happened during the debate and also taking into account the impressions from the press it is perhaps better to sign off this report by repeating some of the suggestions that were made in last year's report on the 2002 TV debate on poverty as follows:

1. IMD arranges at least two more debates, which will bring the top leaders of the six political parties together to discuss other burning issues.
2. That IMD, in preparing the next debate(s) strives to get the ruling party to bring its national chair (President Mkapa). The Netherlands Ambassador to Tanzania may be requested to help in conveying the wishes if IMD. The opposition parties expressed their disappointment for not having Mkapa in the debate.
3. Mr. Joseph Warungu, the moderator should be invited once again to chair the next debate(s) if a decision is made to that effect. Warungu did very well and all those involved appreciated the way he handled the discussion and his professionalism.
4. Training for political parties in communication skills should continue and parties should be encouraged to prepare [policy papers for other issues as well. This can be done on bilateral basis in the agreements between IMD and each of the six political parties.
5. The office of the Registrar of Political Parties should be encouraged to contact the government for possible funding or contribution to meeting the costs for debates other than the pre-election presidential debate.