

# Tanzania Citizen Engagement Platform

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## TEU's "canaries in the coalmine" are "hidden in plain sight"

- Data: NBS delays in reporting Q2 and Q3 data (p. 25)
  - "According to NBS..." growth of 4.7% in first 3 quarters of 2020, year-on-year
  - "World Bank staff estimates, using leading indicators suggest that GDP growth decelerated sharply," but no figure is mentioned (diplomatically?)
- VAT refunds and other arrears (3-4% of GDP) **are not factored into the deficit calculation**" (p. 37)
- "In nominal terms, tax revenue has **contracted by 3%** year-on-year."
- "July – Dec 2020 **revenue target off by 11%**, continuing a trend began in April-June" (Covid19?)

# Microeconomic insights from TRA data (2018/19 & 2019/20)

- Big picture: net domestic revenue grew by 11%, driven by large taxpayers who delivered 19% growth.
- Overall direct taxes grew 9% but PAYE was flat (1%) and SDL shrank (-2%) suggesting negligible formal wage employment growth. This is inconsistent with the administration's claim that many factories have been built and thousands of jobs created.
- Consumption taxes from TRA's domestic revenue department which deals with individuals and SMEs. Here, overall excise tax revenue fell 15%, VAT revenue fell 6%.
- Numbers are not dramatic, but direction of travel is troubling. Citizens are enduring a tight squeeze:

## *Consumables decline:*

*Soap, cooking oil, flour, tea/coffee, bread, salt*

## *Durables decline:*

*Plastics, cement, furniture, bicycles, paints, roofing materials, nails,*

## *Services (labour-intensive) decline:*

*Hotel & catering services, tour operators, fitness, hairdressing, couriers, secretarial services*

Two listed consumer-facing firms had it rough:

- Tanzania Breweries reported 6% revenue decline and net profits down by 36% in its 2020 full year results
- Vodacom issued a profit warning to investors in September 2020 (anticipating 25%+ profit shrinkage); it reported a full year loss (to March 2021) of TZS 30 billion (US\$ 13 million), (TZS 500bn decapitalization)

# *THE ISSUE: Poverty!*

- Decades of strong economic growth improvements in public service delivery have reduced the poverty rate, by eight percentage points in 10 years, down from 34.4% in 2007 to 26.4% in 2018. But “the absolute number of poor people grew from 13 million in 2007 to 14 million in 2019”.
- How to [permanently] reduce the number of people living in poverty, and make those who escape it, more resilient to shocks and disruptions such as the pandemic, deglobalization (“slowbalization”) and climate change.
- Priority “buckets” (and their ranking & sequencing):
  1. Hardware (physical infrastructure that unleashes & supports economic activity)
  2. Software (rules of the game, their application & enforcement)
  3. Wetware (improving quality of life of individuals & families)

# *Contestation of priority buckets & their ranking between the administration and citizens*

- Administration's priority buckets & ranking:
  1. Hardware (physical infrastructure that unleashes & supports economic activity)
  2. Software (laws, rules of the game, their application & enforcement)
  3. "Wetware" (people, public services, quality of life of individuals & families)
  
- Citizens' priority ranking & sequencing:
  1. "Wetware" (improving quality of life of individuals & families)
  2. Hardware (physical infrastructure)
  3. Software (laws, rules of the game, their application & enforcement)

# Trends in Tanzanian citizens' priorities

*“Top three problems facing the country?”*

*(Source: Twaweza ‘Sauti za Wananchi’ mobile phone surveys, 2015, 2018, 2020)*

| 2015                           | Rank | 2018                                 | Rank | 2020                                                      |
|--------------------------------|------|--------------------------------------|------|-----------------------------------------------------------|
| Health services (59%)          | 1    | Poverty/economic welfare (72-75%)    | 1    | Poverty/economic welfare (54%)                            |
| Water (46%)                    | 2    | Health services (39%) – declined     | 2    | Unemployment (50%) – up from 4th                          |
| Education (44%)                | 3    | Food insecurity (31%) – up from 6th  | 3    | Health services (23%) – declined                          |
| Poverty/economic welfare (34%) | 4    | Unemployment (25%) – up from 7th     | 4    | Food insecurity (19%) – declined                          |
| <b>Infrastructure (32%)</b>    | 5    | <b>Infrastructure (17%) – halved</b> | 5    | <b>Infrastructure, Water, Education (7-8%) - declined</b> |
| Corruption/governance (28%)    | 6    | Corruption/governance (14%) – halved | 6    | Corruption/governance (3-6%) – halved again               |

1. In 2015, 3 of the top 4 citizen priorities were about **public services** – health, water, education
2. In 2018 and 2020, 3 of the top 4 priorities were about **economy, jobs and food security**
3. Infrastructure (hardware) has remained in top 5, but with fewer citizens ‘votes’ in 2018 and even less in 2020

# Summary

## Transparency

- It's about our poverty and how to permanently reduce/eliminate it!
- Insights from tax numbers (pre-pandemic) point to tough personal and household financial conditions

## Participation

- Citizens' rank "wetware" over hardware and software; but the government has prioritized the hardware (and collecting the taxes to build it).

## Accountability

- This "misalignment" between citizen and government priorities is perhaps a good thing: it is the stuff of which robust, evidence-based public discourse is made, it ought to be how we nurture, build and strengthen our democratic muscles!