The Delusion of Knowledge Transfer

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South Africa and Tanzania were selected as cases for a number of reasons. Both countries represent young African democracies which for the past 20 years have been undergoing profound transformation processes affecting basically all fields of governance.\footnote{We call South Africa and Tanzania ‘young democracies’ on the grounds that they formally introduced this form of governance only about 20 years ago. South Africa’s first non-racial election which marked the end of the apartheid regime took place in 1994 (see, for instance, Johnson & Schlemmer 1996); Tanzania held its first multi-party general elections which officially terminated the era of the single-party hegemony under the socialist leader Nyerere in 1995 (see Van Cranenburgh 1996).} The policy reforms carried out in this context have to significant extents been supported by the international community which, aside from money, has supplied expertise in the form of policy advice and technical assistance. The comparison between South Africa and Tanzania is of particular interest because both countries vary considerably in terms of general conditions and have adopted very different ways of dealing with and positioning themselves towards donors. In order to understand current aid relationships, it is instructive to take a look at the setting in which these have emerged. In this chapter, we thus briefly glance at the significance of aid for South Africa and Tanzania, and sketch out their history as recipients of official development assistance. This will elucidate why, despite all differentials, both have at times been ‘donor darlings’ in a distinct sense.

The significance of aid for South Africa and Tanzania

Comparing the significance of aid for national finances, the discrepancy between the two countries under investigation is striking: while in South Africa, aid amounts to less than 1% of the budget, it accounts for around...
40% in Tanzania (Economic and Social Research Foundation 2010; WYG International Limited 2011). To give an idea of the dimension of aid volumes, we provide some absolute numbers: in 2012, Tanzania received USD 2,832 million net official development assistance (ODA) (equivalent to USD 59 per capita), of which USD 205 million were used for technical cooperation; South Africa’s volume of ODA comprised USD 1,066 million (equivalent to USD 20 per capita), including 179 million for technical cooperation (World Bank 2016b).29

As illustrated by Figure 1, aid flows to Tanzania in the period 1992–2012 were not only constantly higher than in South Africa, but also more erratic. In a low-income country for which aid is a pivotal element of the budget, such fluctuations have a noticeable impact on the government’s scope of action.

Figure 1: Aid flows to Tanzania and South Africa 1992–2012

For South Africa as a relatively resource-rich middle-income country, in contrast, ODA is not essential in financial terms, although some line departments and provincial authorities consider it an important source of additional income.30 Instead, as will be shown later, its value lies in its leveraging effect as a tool of foreign policy, and particularly in the knowledge capital which comes with aid.

29 The data are taken from the World Development Indicators database of the World Bank which provides the following definition: “Net official development assistance (ODA) consists of disbursements of loans made on concessional terms (net of repayments of principal) and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent). Data are in current U.S. dollars” (World Bank 2016b).

30 This point will further be elucidated in Chapter 6 and, in particular the case studies in that chapter.
Evolving aid relations in Tanzania

Tanzania has been receiving aid since its independence in 1961. The country’s first post-colonial leader, Julius K Nyerere, successfully promoted his vision of African socialism based on the principles of self-reliance and familyhood (‘Ujamaa’), and established close relations particularly with the Scandinavian states, Canada, West Germany and even the World Bank whose ‘growth with equity’ policy was concordant with Tanzania’s economic strategy (Wangwe 2004). From the outset, donors provided not only loans and grants for investment projects, but also supplied technical assistance in order to “fill vacant posts until Tanzanians had been trained to take over” (Economic and Social Research Foundation 2010: 51).

While the enormous amounts of aid flowing into the country during the 1960s and 1970s helped the government to realise key elements of its policies especially in social sectors (e.g. free primary education), it became more and more dependent on this source of foreign finance. From 1964 to 1980, the share of aid in central government expenditures rose from about 22% to 46% (Tanzania budget figures and World Development Indicators, as cited in Radetzki 1973: 172 and Bigsten & Danielson 2001: 25, respectively). The risk the reliance on aid implied became evident when the economic crisis emerging in the mid-1970s got many Northern countries to reduce their funding volumes and induced a change in the climate of giving. Hitherto, Tanzania’s supporters had pretty much refrained from interfering in policy decisions; now, donor countries led by conservative, market-oriented governments, most notably the US, the UK and West Germany, started to push for the adoption of extensive neo-liberal reforms as recommended by the Bretton Woods institutions (Wangwe 2004). After years of resistance by Nyerere, the Tanzanian government under the new President Ali Hassan Mwinyi in 1986 eventually bowed to pressure and accepted the Economic Recovery Programme prescribed by the International Monetary Fund (IMF) and the World Bank. This step and the following structural adjustment of macroeconomic and social policies leveraged immense resource flows from the aid community. Tanzanian leaders, however, soon realised that they had lost their policy autonomy to external actors which now directed decision-making.

Relations deteriorated when donors in the early 1990s became increasingly upset about deficient counterpart commitment and irregularities regarding the use of funds (Wangwe 2004). The tense situation escalated when in 1994

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31 During the 1960s, the Tanzanian government interestingly carried out the procurement process of technical assistants itself via international advertisement and a recruitment office in the UK; with increasing aid volumes, donors started to bring in experts from abroad according to their own regulations (Economic and Social Research Foundation 2010).
a massive scandal of financial mismanagement involving the minister of finance became public and led to an aid freeze (Harrison & Mulley 2009). To overcome this crisis, Denmark commissioned an independent group of local and international experts to assess the crisis in aid relations and to propose strategies to restore mutual confidence. The review which became known as the ‘Helleiner Report’ (named after the team’s chairman, the Canadian Professor Gerald Helleiner) faulted the weak guidance exercised by the government, but also sharply criticised the high degree of donor interference which had eroded local ‘ownership’ (Helleiner et al. 1995).

Based on the report’s recommendations, the Tanzanian government and donors formulated a set of ‘agreed notes’ which sketched out fundamentals of future cooperation (Government of Tanzania 2002). Emphasising country leadership, transparency, mutual accountability and efficiency in aid delivery, it pre-empted the principles of the Paris Declaration endorsed at the High Level Forum on Aid Effectiveness in 2005 and taken up in the Joint Assistance Strategy for Tanzania (JAST) of 2006 (OECD 2005; United Republic of Tanzania 2006b). The national policy framework for aid management embraced the upcoming rhetoric of ‘development partnership’, provided for the establishment of joint policy dialogue and promoted general budget support (GBS) as the government’s preferred channel of support. For the international donor community, Tanzania became a role model of its partnership paradigm, and “a forerunner in and major laboratory for experimentation with new modalities” (Gould & Ojanen 2003: 41).

While the new forms of cooperation aimed at restoring the government’s leading role in the policy space, they at the same time institutionalised donor engagement therein. The terms for general budget support and basket funding agreed upon included regular interaction between high-level officials and aid experts through working groups and coordination forums at various levels. Donors were now expected to participate in policy discussions and advise the government on issues related to the implementation of Tanzania’s National Strategy for Growth and Reduction of Poverty (popularly known as MKUKUTA), as well as on sectoral reforms. Instead of ‘micro-managing’ projects, they should provide their views in a coherent manner through the ‘Development Partners Group’ which had been formed to increase collaboration

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32 The principles include: strengthening national ownership, aligning external support to government priorities and systems, harmonising government and donor processes, focusing on measurable results and ensuring mutual accountability of government and development partners (United Republic of Tanzania 2006a).
and thereby “to improve effectiveness and quality of development assistance” (Development Partners Group Tanzania 2010b: 2).  

Since the new arrangements have been put in place, the international community presents Tanzania as “as a prime example of ‘ownership’” (Harrison & Mulley 2009: 283). Critical scholars, however, early on raised doubts about the validity of this claim (see, for instance, Gould & Ojanen 2005; Pender 2007; Harrison & Mulley 2009). In 2010, an evaluation conducted by the Independent Monitoring Group, which since 1994 has regularly assessed aid relations in Tanzania, found “signs of slippage in ownership” (Joint Assistance Strategy for Tanzania Working Group & Independent Monitoring Group 2010: 8) and come to the conclusion that trust, confidence and the quality of dialogue between the government and ‘development partners’ has considerably decreased. After years in which Tanzania served as the “poster child of the new partnership model of aid” (Harrison & Mulley 2009: 271), it seems as if relations have changed again.

Evolved aid relations in South Africa

As mentioned at the beginning of this chapter, South Africa – in contrast to Tanzania and many other African states – has never been dependent on external finances; given its relatively solid state budget and comparatively strong administration, it has always been a somewhat “paradoxical recipient” of official development assistance (WYG International Limited 2011: 6). Nonetheless, aid has played “a rather special role” (WYG International Limited 2011: 9) in the country’s recent history, especially during the years of democratic transition.

Foreign aid already began to flow into South Africa in the 1980s when donors from all over the world backed the anti-apartheid movement in its fight against the ruling regime. While the National Party government was diplomatically isolated by the international community, civil society organisations received a considerable amount of assistance in the form of funding, but also in the form of scholarships and programmes set up to provide the oppressed population with opportunities of education and intellectual exchange. Major institutions which thereby served as conduits for channelling aid included the South

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33 The Development Partners Group was formally established in 2004; as of 2014, it comprised 17 bilateral and 5 multilateral (UN counted as one) aid agencies engaged in Tanzania (Development Partners Group Tanzania 2014c). Members commit themselves to respect the agreed division of labour and “to represent a common DPG position once agreed (unless inability to be part of the consensus was made clear at the time of decision) (...)” (Development Partners Group Tanzania 2010b: 2).
African Council of Churches, the Kagiso Trust, and the United Democratic Front; the state, in contrast, was mostly bypassed (Bratton & Landsberg 2000).

However, in the early 1990s when there were clear signs of commitment to political change, funding streams began to shift. Following the first post-apartheid elections in 1994 (for which donors, amongst others, sponsored an independent commission and electoral observers), the new Government of National Unity led by the charismatic President Mandela became the major recipient of ODA. The international community rewarded South Africa generously for its peaceful transition, pledging more than USD 6 billion for the first five-year period of democracy (Bratton & Landsberg 2000). The willingness to give financial and technical assistance to a middle-income country which did not qualify for aid at all can be explained in terms of the strategic interests on the donor side. Not only were they eager to associate themselves with the new-born ‘rainbow nation’ and its unique success story of abolishing a system of racial oppression by means of negotiation, they also saw their chance to shape the fabric of the young democracy which promised to become the political and economic powerhouse on the African continent.

The new South African leaders, however, encountered the aid community with a strong sense of preserving agenda-setting autonomy. From the outset, they made it plain that donors were expected to support the priorities of the national Reconstruction and Development Programme (RDP). Many of those who had newly moved into government departments were “well aware that elsewhere in Africa and the developing world, the policy conditionality of aid had proved extremely controversial”, and were thus “anxious to ensure that the policy development process remained firmly in South African hands” (King 1999: 262). Hence, while external assistance was principally welcomed, not all offers were accepted. Concessional loans were widely rejected since the government took “the view that it does not need to give up its freedom, and mortgage its future to embrace potentially debilitating debt dressed up as development aid” (Soni 2000: 133).

South African actors were not only fairly clear about what type of aid they favoured, but also how it should be managed. Until 1996, all in-flows were centrally channelled through the RDP fund and the respective office was made the focal point for donors; later on, the responsibility for coordinating aid was shifted to the International Development Cooperation Unit (IDC) unit in the National Treasury. While all agreements needed to pass through this unit, the authority to negotiate aid remained with the respective implementing agencies, that is, national departments, and provincial and local authorities, which

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34 A former government member who worked for the RDP office at that time stated in this regard: “Everybody wanted to throw money at us. And the big issue was: Yes, you can throw money at us, but against our agenda, not your agenda” (Interview 24).

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were given a high degree of autonomy in soliciting support (see International Development Cooperation Unit 2003).

Faced with a recipient who seemed reluctant to be imposed with external rules and preferences, donors largely responded to South Africa’s requests, directing assistance especially to the priority areas of education, democracy and governance, agriculture, business development, health and housing (Bratton & Landsberg 2000: 276). Initially, large parts of aid in these areas focused on the reformulation of policies and legislative frameworks, and the creation of new institutional arrangements and governance structures (Soni 2000: 50); post 1999, the focus gradually shifted to strengthening systems for implementation and service delivery. While aid helped to accelerate the pace of reforms insofar as it leveraged funding, the money as such was not substantial for their realisation. The main surplus of ODA for South Africa was the access to knowledge resources it facilitated. Putting in place new policies and legislation in basically all fields of governance was a huge challenge for an administration which had not only been re-structured, but was also staffed with new, often inexperienced (though committed) personnel (Bird 2001). Many line departments thus extensively drew on advisors and consultants provided by the aid community to assist in elaborating the technicalities of reforms.

For donors, South Africa appeared as a perfect case in which to present themselves as ‘knowledge partners’ rather than ‘money-givers’. In its 1999 country assistance strategy for South Africa, the World Bank declared:

*Since the 1994 elections, South Africa has provided the Bank with a unique opportunity to pilot our evolving role as a ‘knowledge bank’. For South Africa, gaining access to international expertise and knowledge is at least as important as providing financial capital, and the Bank has operated as a clearinghouse and sounding board for international experts and best practice (...). In the future, we will continue to emphasize the Bank Group’s role in contributing knowledge to development issues in South Africa.* (World Bank 1999b)

The majority of donors have adopted a similar approach in their engagement with South Africa, focusing assistance on the provision of expertise, ‘up-stream’ policy advice and the facilitation of knowledge exchange.

In contrast to Tanzania, the modes of cooperation in South Africa have hardly changed over the years; although the volume of sector budget support has increased (see WYG International Limited 2011), projects still constitute
the predominant aid modality.\footnote{A 2011 country evaluation of aid to South Africa found: “As of late 2009, there were at least 33 different development agencies implementing or preparing around 100 projects – this has escalated quite significantly with, for example, about twenty-five of some eighty EU ‘Green Economy’ commitments beginning in 2010” (WYG International Limited 2011: 55).} While in recent years mechanisms such as an annual Development Partners’ Consultative Forum have been set up to improve coordination and coherence, South Africa has not established dialogue structures as found in Tanzania and other countries. Aside from the absence of general budget support which usually requires such arrangements, it seems that the government has also deliberately refrained from creating joint forums for more ‘harmonised’ assistance. The preference to interact with partners on a one-to-one basis partly results from the conviction that negotiating aid individually provides recipients with a greater leeway for manoeuvring than dealing with a “united donor front” (Harrison & Mulley 2009: 275). Broadly speaking, South Africa condones problems of aid fragmentation for the benefit of keeping control over development cooperation.

In recent years, aid relations have undergone a major change as several donors (e.g. Norway, Sweden and Denmark) have started to scale down or have completely phased out official development assistance (see Tjønneland et al. 2008). In 2013, DFID, hitherto a key partner particularly in the fields of health and business development, announced it would terminate its aid programme by 2015 with the intention to base the relationship “on sharing skills and knowledge, not on development funding, in recognition of the progress South Africa has made over the last two decades” (DFID 2013).\footnote{DFID’s decision to end its aid programme for South Africa evoked harsh criticism both by UK MPs who blamed DFID for political expediency and disregard of recommended review procedures (Tran 2014) and on the part of the South African government which declared that the “unilateral announcement no doubt will affect how our bilateral relations going forward will be conducted” (Smith 2013).} The fact that South Africa is currently in the process of establishing its own development agency (see Besharati 2013) is certainly seen as a sign that the country’s role in the international arena is shifting. Yet, this does not mean that donors are generally preparing themselves to close their Pretoria offices. Quite the contrary, several have begun to increasingly use them as a focal point for regional programmes and triangular cooperation agreements.\footnote{A DFID advisor placed in the South African Department of Health commented on this decision as follows: “If things go as we hope they would go and the government is beginning to do the right things, our support is about catalysing change, it’s not about telling government to do the right thing – they know what to do, it’s making change happen quickly. Now once that started, they won’t need DFID to help do that, and so we have a clear line by our current government that in four to five years’ time, we will be starting to exit from this sort of work”. (Interview 1)} Hence, while traditional aid is currently declining, new arrangements with a focus on...
institutional and economic cooperation are on the rise. For the international community, South Africa remains an attractive counterpart: it represents both a strategic gateway to the continent and a prime example of a knowledge partnership which has yielded best practice and innovation.

**Concluding remarks**

The two countries which serve as the empirical cases of this study had different points of departure as recipients of aid and thus have adopted different approaches in dealing with donors. For the purpose of our research, the dissimilarity between South Africa and Tanzania is a crucial asset, allowing us to identify general intricacies of expert advice which are intrinsic to the aid context and exist irrespective of the particular country setting (see Chapter 5). At the same time, the dissimilarities enable us to investigate how different conditions delimit the extent to which recipients are able to absorb and use external expertise to advance their own development visions (see Chapters 6 and 7). Before we do so, however, we first present the actors involved in aid and dwell on their multiple interests related to development assistance (see Chapter 4).