

# Civil Society Groups Call for New, More Flexible Policies in Face of Financial Crisis

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9 March 2009 (Dar Es Salaam) – On the day before a high-level conference of policymakers co-hosted by Tanzanian President Jakaya Kikwete and International Monetary Fund Managing Director Dominique Strauss-Kahn, **civil society groups are calling for new and more flexible economic policies in Tanzania and across the African region.** In the midst of a global financial crisis, developed-country governments are enacting bold, expansionary stimulus policies in efforts to trigger growth and fight off recession. Meanwhile, African governments, as part of their agreements with the IMF, are holding onto tight policies that prevent stimulus and restrict options for increasing public investment to meet basic human needs.

As part of Tanzania's agreement with the IMF, the government must aim to shrink its budget deficit from 3.7% of Gross National Product in fiscal year 2008/2009 to 3.1% of GNP in FY2009/2010. A January 2009 IMF review of the agreement stated that any decrease in revenue—whether tax revenue, official development assistance, or remittances from African Diaspora that might come about in the wake of the financial crisis—should be met with “expenditure restraint.” Furthermore, the agreement restricts the government from seeking domestic sources of financing, and it aims to reduce inflation to 5% through monetary policies that reduce economic activity, “including through rising interest rates when necessary.”<sup>1</sup>

“These are the wrong policies at the wrong time,” said Dr. Peter Bujari; Head of Human Development Trust and chair of Tanzania AIDS Forum. “Virtually every government in the world that is operating independently of the IMF is now stimulating its economy with expansionary economic policies. Tanzania's economy is not fully insulated from the current crisis. Why should it be kept from pursuing the same policy options as other governments?”

“President Kikwete and Mr. Strauss-Kahn have written that the conference ‘will focus on how policy frameworks will need to change.’ We welcome change, but the IMF agreement itself has us traveling down the same old road, following the same restrictive policies as before—in some areas even more strict-Belt tightening or growth without poverty reduction,” said Semkae Kilonzo Coordinator for Policy Forum. “The IMF classifies Tanzania as a ‘mature stabilizer.’ If we are mature and stable, then open the policy space for us to chart our own shared economic path.”

The conference, titled “Successful Partnership for Africa's Growth Challenge,” will take place 10-11 March in lead-up to an April meeting of G20 leaders, hosted by UK Prime Minister Gordon Brown. In a speech last week at the Brookings Institution in Washington, DC, Mr. Strauss-Kahn decried the lack of African representation within the G20, but held he would attend the meeting in part as the spokesperson for African countries. “With due respect, given its policies and its lack of due African representation within the institution, I do not need the IMF to speak for me or my country on the global stage,” said Nosim Losai, Advocacy and Policy Manager for Human Development Trust.

**We all together call for IMF policy change to allow policy autonomy and investment in human needs.**

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<sup>1</sup> IMF review of Tanzania's Policy Support Instrument. International Monetary Fund, 2009.