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MILITARY SPENDING AND SUSTAINABLE DEVELOPMENT:
*THE CASE OF THE 'WATCHMAN' AIRCRAFT CONTROL SYSTEM IN TANZANIA.

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Introduction

This short paper is intended to demonstrate the discrepancy between stated goals pertaining to the pursuit of sustainable development and the actual practice in terms of policy decisions and actions taken by both the poor countries and the advanced countries particularly in relation to military expenditure. We argue that the rhetorical commitment to poverty alleviation, let alone, its eradication by both parties, are simply that – rhetorical. We focus on the arms trade by Britain and military acquisitions by Tanzania against the background of Tanzania's commitment to poverty alleviation under its PRSP and Britain's commitment to the OSCE Treaty which, inter-alia, stipulates that " states should not sell arms to countries where it constitutes a 'material diversion' from resources available for development." We take the case of the sale of an Air Traffic Control system 'the Watchman" to Tanzania by British Aerospace Systems with the facilitation of the British Ministry of Trade and the Foreign Office just at the time that Tanzania had just fulfilled the requirements to qualify for debt relief under the World Bank/IMF supported Highly indebted Debtor Countries (HIPC) Program and embarking upon a poverty reduction strategy. Both these moves anticipated that Tanzania would prudently direct more resources away from military towards social spending.

In its survey of the status of poverty in the country for its first Poverty Reduction Strategy Paper (PRSP) the Tanzania government established the following bench-marks as the critical indicators of the levels of poverty at that time:

• With respect to income poverty the paper established that, according to the 1991/2 HBS, poverty is largely a rural phenomenon and concentrated in subsistence agriculture with the basic needs incidence of poverty estimated at 57% and the food poverty incidence at 32%. Urban poverty was also found to be widespread and growing particularly in the up-country towns. The report also found that the youth, the old, women and large households were more likely to be poor than other groups. It also found that although female-headed households are not necessarily poorer than male-headed households, women are generally perceived to be poorer than men. It was also noticed that income poverty had exhibited a declining trend during 1983-1993 and a rising trend during 9193-1998. This rise was attributed to worsening income inequality and low rates of economic growth particularly in the rural areas.

• Regarding non-income poverty it was noted, as would be expected, that the poor were less likely to be educated. In 1991, while the average national literacy rate was estimated at 84 percent, the literacy rate among the rural poor stood at 54.3 percent. Curiously, during 1983-1991, when poverty was observed to be on a declining trend, illiteracy among the poor was increasing. A similar trend was noted in the gross enrolment rates among poor children aged 7-9 where the rate declined from 82percent in 1983 to 80percent in 1993. Other indicators revealed comparable trends. Infant mortality rates were found to be much higher among the poor than

the general population because of over-exposure to malaria, anemia and pneumonia. Chronic malnutrition affects nearly 50 percent of children under five years. Most residents of rural areas do not have access to safe water and cholera has become endemic in some urban areas. Average life expectancy has declined from 52 years (1990) to 48 years (1999) and the population generally feels more vulnerable particularly with the acute prevalence of HIV/AIDS.

Having identified the major components of income and non-income poverty the paper sets out a poverty reduction strategy (2000 – 2003) focusing on reducing income poverty, improving human capacities for survival and social well-being and containing extreme vulnerability among the poor. This should be accomplished mainly through accelerated economic growth raising the overall growth rate from 5.2 per cent to 6 per cent and growth in agriculture from 3.6 per cent to 5 per cent. Specific income poverty targets include reducing the proportion of those below the poverty line from 48 percent (2000) to 42 percent (2003) and 24 percent (2010); reducing the proportion of rural poverty from 57 percent to 49.5 percent (29 percent 2010); and reducing food poverty from 27 percent to 23.5 percent (14 percent 2010). Non-poverty targets include; raising primary school enrolment to 85 percent, arresting the decline of life expectancy and raising it to 52 years, raising access to safe and clean water from 48.5 percent to 55 percent, etc.

The 'Watchman' in Poverty Reduction Context.

The PSRP was finalized in 2000 at the same time as Tanzania fulfilled the conditions to qualify for the dubious status of a highly indebted poor country (HIPC). The basic objectives and conditionalities of HIPC were roughly the same as those of the PRSP. Among the stipulated measures to support the PRSP reads: "…while the budgetary expenditure will continue to be restrained because of macro-economic considerations, special efforts will be made to channel the limited government resources towards the support of key programs and social services under the poverty reduction strategy." What is ironic and intriguing is that just at the time Tanzania was embarking upon these programs it was also negotiating the purchase of a sophisticated air-traffic control radar system with the British Aerospace Corporation. It is also imperative to point out that the decision to import the radar system and the debates it touched off in the country signified the first time that the general public not only debated a defense issue but also drew linkage between military spending and social welfare. Before that event military spending decisions in Tanzania were a state security matter and therefore beyond the pale of public or even parliamentary discussion.

British Aerospace, one of the world's top arms manufacturers and exporters, does not enjoy the best of corporate reputations, to say the least. "For years the company has been accused of selling arms to impoverished and dictatorial regimes, polluting the environment, and has been dogged for years by allegations of corrupt dealings". The British government is known not only to have ignored such allegations but to have facilitated the deals through the Ministry of defense's Defense Export Sales Organisation (DESO) and The Ministry of Trade's Export Credit Guarantee Department (ECGD) . Most recently the company has been acuused of covert payments to customers to obtain contracts: "Those involved in the transactions alleged they show an elaborate system of covert payments by BAE, with key agreements hidden outside UK jurisdiction in Geneva, and no information appearing in BAE's published company accounts."

The deal with Tanzania to purchase the 'Watchman' system which had taken nearly four years to negotiate was, indeed, sealed on, Dec. 21, 2001, on the morrow of the adoption of HIPC which was approved on Nov. 29th. 2001, having been negotiated roughly over the same period. Production of the system, however, was known to have received a go-ahead from the British government as far back as 1997 – so that Tanzania was locked into the deal long before the formal export contract was issued. This raised many questions as to whether there was a connection between the two processes particularly since Britain had put up a concerted defense of Tanzania's HIPC application. Was it mere co-incidence or could it be possible that Britain campaigned for Tanzania's debt relief so that BAe could benefit from the proceeds accruing from the $3.0bi. debt relief – in a deliberate linkage frame-work? Was it also possible that the different arms of the British government were pursuing contradictory goals in relation to the radar export with International Development emphasizing poverty reduction, the treasury preoccupied with debt reduction, on the one hand and the PM, trade, defense and Foreign policy essentially interested in export earnings, securing jobs at home, enhancing influence and British strategic defense interests in the post 9 – 11 period? Was the Tanzania government, on its part, really serious in its the commitment to channel the scarce resources towards the poverty reduction strategy and to strengthen support for education, health, water, roads and other priority areas? Could Claire Short's allegation that she found it 'difficult to believe that a contract like that could have been made cleanly' explain, at least in part, Tanzania's apparent abandonment of PRS goals?

The deal also raised so many questions at the negotiation stage because the WB, on the basis of a study carried out by ICAO came to the conclusion that the system, as contracted, was primarily a military system and could provide limited support co civil aircraft control purposes. Moreover it was felt that the system's military usefulness for Tanzania was equally questionable given that the country only possesses 19 military air craft "… in various stages of disrepair" It should be noted, however, that even at this stage the Tanzania government accused the bank of duplicity. Noting that the Bank had earlier approved the deal President Mkapa argued; "Instead of sitting down with our people to determine where it was wrong or it was not value for money, they said we should purchase it from someone else…But it is a contract. How can I be the one to start breaking it up? (sic) Is the World Bank prepared to refund me $38m and the penalties if I got out this contract? It should be noted that the Bank and Fund did nothing to block the HIPC negotiation process and ultimately approved the purchase despite rules forbidding indebted countries from taking out commercial loans. The fund allowed Tanzania to finance the $40mi. deal with a loan from Barclays Bank, repayable at rates higher than those normally extended to developing countries by IMF and World Bank, but below those normally charged by commercial banks.

Needless to say the whole affair was highly controversial in both Tanzania and Britain after the export was authorized by the British government and underwritten by the Export credit Guarantee Department. In Tanzania, as soon as the deal was public knowledge, it became arguably the most openly challenged defense related issue given the tradition of treating defense and security questions as sensitive and confidential. Surprisingly however, the controversy was left to individuals and NGOs and was never a subject of parliamentary debate or scrutiny by the oversight committee of the House. In a statement, Mary Mwingira of TANGO, the umbrella organization for NGOs and CBOs in Tanzania, questioned the seriousness of the government's commitment to poverty reduction: " I am very concerned as to how we can afford a $40m military system when we have so many competing needs. This is an ethical and moral question for the government of the UK – I am not saying that we shouldn't defend ourselves but being protected from air attacks is a distant need

for the people of Tanzania. It seems to me the main beneficiary of this sale is Britain." Ibrahim Lipumba, Chair of the opposition CUF party captured the situation precisely '…the issue was not presented in parliament in a way that delegates knew what was going on and the issue never came up in the public expenditure review" An editorial in Dar es salaam's Business Times (Dec. 28 2001) argued that: "Putting $40mi. into British government coffers… is tantamount to throwing away half the gains of in debt relief that this country would enjoy next year: $77mi. And more, because the equipment is being purchased through a commercial loan from a private British Bank – which will re-swell Tanzania's external debt. The paper also noted that the World bank and the IMF (both of who later approved the deal) were of the opinion that; "the system being purchased had 'military capability' that Tanzania does not really need". The World bank described the system as "too expensive and not adequate for civil aviation" it also observed that the system's transmitter had already been superceded and would need an expensive maintenance agreement unless this was underwritten by BAE. They recommended a system worth $10mi., instead. David Rider, the editor of Jane's Air Traffic Control is also reported to have "wondered why Tanzania needed a military defense system when it has only eight military aircraft. The BAE Air Traffic Control system is not suitable for civil aviation" In the Tanzania government certainly no ripples were felt and no differences were discernible in the cabinet! Instead, in a report in the East African (Dec. 24 –30, 2001), the Tanzania government made a statement to the effect that the purchase of the radar system was a purely internal matter which had been blown out of proportion. One senior official was quoted as saying that; "The debate in the U.K. cabinet translates into typical neo-colonialism." Responding directly to the 'military capability' issue Col. G. Komba, Military attaché at the Tanzania High Commission in London said: "It is wrong to say it is basically a military system because it is not…It is going to be used for both (military and civilian purposes). You can get a cheaper system but for the purpose of what we want this would have been the best to maintain the integrity of [our] airspace." Echoing that statement and responding to the World Banks initial negative reaction Jakaya Kikwete, the Foreign Minister said: "We are not a department of the World Bank – we are a country and it's a bit insulting to suggest that we need to wait for the World bank to prescribe what's best for us." To sum up the government's position President Mkapa quipped that he could not leave air safety 'in the hands of God'

In the UK, on the other hand, the issue was hotly debated in both Houses of Parliament and threatened to split the cabinet with the Prime Minister(Tony Blair), Foreign Minister (Jack Straw), Trade and Industry Minister (Patricia Hewitt) and Defense minister (Jeff Hoon) supporting the purchase and the Chancellor of the Exchequer (Gordon Brown) and the International Development Minister (Claire Short) opposing it. The essence of the debate was that the authorization of the purchase went against the British commitment to address Africa's plight which Blair had described as 'the scar on the conscience of the world" on a visit to west Africa only one month earlier. For a while relations between Tanzania and UK were strained. Claire Short froze 10mi. pounds in aid to Tanzania pending an inquiry. It is instructive to note that at around the same time that Short was opposing this deal, she was supporting a 15mi. pound order for a presidential jet for Pres. Mkapa on the grounds that the jet was necessary for the president to get around the country and that it had been approved by the Tanzania Parliament. It is also noteworthy that after a brief visit to Tanzania in June 2002, Short suddenly reversed course on the issue (presumably bowing to the pressures from defense, trade and foreign policy interests spearheaded by the Prime Minister) and by July she had not only released the withheld 10mi. pounds in aid but had also committed Britain to

giving Tanzania 45mi. pounds a year for six years. This was amidst further allegations of irregularities (in support of Short's own earlier misgivings) from Liberal Democrat MP Norman Lamb alleging that 'bungs' may have been offered to sweeten the deal – financed by a concessionary loan from Barclays bank. " The more sinister explanation is that the contract price was fiddled - artificially inflated so that it looked to the outside world as if Barclays were providing a concessional loan. If this is correct then it seems that there may have been fraud. When you have the secretary of state alluding to corruption, surely it is time the financing of this deal be thoroughly investigated. I have also been told that bungs have been paid to oil the wheels."

Needless to say the deputy minister of trade claimed that there was 'absolutely no evidence that there had been any fraud or bungs offered." What then explains the Claire Short's volte face and the department of Trade's refusal to investigate what clearly looks like a shady deal. We will return to this question later. Suffice it to say at this stage that that the answer lies partly in the line-ups in the British cabinet split. In Brief it would seem to be a combination of corruption on the part of various agents; British military/strategic interests in the region particularly in the counter-terrorism campaign, protection of domestic interests in the form of jobs and exports promotion as well as Tanzania's lack of seriousness in its commitment to poverty reduction. In other words BAE could have bribed Tanzania into buying a radar system with a capacity it did not necessarily need but which Britain intended to use for surveillance to obtain information and monitor events in the region. The system was finally installed in December 2002 but not without problems. Owing to electricity supply problems it was not commissioned until April, 2003.

Tanzania's Explanation.

We have so far outlined the course of events surrounding the radar purchase and the intricacies associated with it. We have also indicated that the purchase generated much more controversy in The UK than in Tanzania. The issues raised in the controversy and which continue to beg for answers are the following:

• Whether Tanzania needed the $40mi. radar system for civilian air control purposes or if a cheaper and more 'civilian' system was more appropriate.
• Whether the 'Watchman' system was essentially a military system in a country with hardly any operational air-force to speak of.
• Whether it was prudent for a country like Tanzania, which had just qualified for HIPC, to spend that sum at that point in time.
• Whether the transaction was free of corruption particularly given the reputation of BAE in 'greasing the palms' of its customers.
• Why the process of negotiating the purchase had not been made more transparent particularly through the involvement of parliament or its relevant oversight committees
• Why the British government was bending over backwards to ensure that Tanzania acquires the system by ignoring the authoritative opinions of ICAO, the World Bank/IMF and Jane's Aircraft Control.

The answers to all these questions and many others can not be given in this short paper. Suffice it to indicate that the actors and interests at hand are many and varied and the picture that emerges suggests that there is more than meets the eye. The statements coming from the government sources were vague and, more often than not, contradicting the expert opinions expressed by various sources. President Mkapa stressed the need to replace obsolete technology to enhance air safety even as the World Bank dismissed the system as 'outdated technology and unsuitable for Tanzania's civil aviation needs'. At one point the foreign minister pointed out that the

system was a commercial venture likely to generate nearly $3.5mi. annually in over-flight fees and tourist income. In response to David Rider's (the editor of Jane's Air Traffic Control) opinion that Tanzania had "… an excellent opportunity of having a descent air traffic control system at a fraction of the price", Margaret Munyagi, the director of the Civil Aviation Authority insisted: "We've all along been saying that we need that particular type of system to boost the safety of our airports" Col. Komba, the military attaché at the Tanzania High Commission in London insisted that it was wrong to claim that the system was basically a military system 'because it is not', while ICAO argued that the system '…as originally contracted is primarily a military system and can provide limited support to civil aircraft control purposes'.Two questions spring to mind. One is what explains this consistent defiance of expert views. The other is why there was this apparent inflexibility on Tanzania's part. The controversy relating to civilian versus military uses of the system seems to suggest that the negotiation process was essentially a multi-stage process in which a military system was the initial goal but at some point had to give way to a dual purpose system implying that civil aviation was added in the process. Yet this is not what emerges from the government's official statement issued to Parliament seeking its post-facto endorsement of the purchase. The endorsement was obtained particularly when the Transport and Communications Minister, Mark Mwandosya appealed to the house for support claiming that the existing system was 'a great risk to national security'.

The minister's speech begins by lamenting the fact that; "Both local and foreign press have been pouring scorn on the government of the United Republic of Tanzania for its decision to spend nearly 28million British pounds on the purchase of the radar equipment". It then identifies four basic arguments advanced against the purchase, which are:

- Tanzania is too poor to spend such an amount on something it will not benefit from;
- the radar equipment is too costly and sophisticated for Tanzania's needs;
- dubious transactions bordering on corruption in the process and
- the system is for military rather than civilian purposes.

It is not our intention to analyse the statement in any detail here. Suffice it to say that as presented it falls far short of adequately addressing the issues raised directly and by implication in the arguments above. The first part of the report affirms that every country needs a radar system and that Tanzania needs a dual-purpose one without demonstrating specifically that the BAE system was the most appropriate for Tanzania considering comparable systems and prices. To be sure the statement stresses the importance of avoiding air-accidents, detecting illegal flights and maintaining peace and security but this misses the point. No argument questioned Tanzania's need and right to acquire a radar system for the stated reasons; questions were raised, however, on the prudence of acquiring this particular system at the high price. And that is not addressed!

On the question of the purchasing process, the tendering process and system selection procedure remains essentially shrouded in mystery. What emerges from the report is that the proper procedures were followed on the recommendations of the committee of experts (which remains undisclosed) without involving the parliamentary defense, communications or finance committees. It is also left unclear whether the tendering process was undertaken by the Central Tender Board or if some other process was followed given the fact that this was a joint military-civilian purchase. This is compounded by the fact that the dates and timing in the process remains unclear. In Para. 3.3 of the statement, for example, there is a confusing

statement to the effect that the government had been working on the radar '…since 1987 after the breakdown in 1990 of the radars installed…Following the breakdowns, the government, on 5 August, 1992, appointed a committee of experts". It would also seem that the time available between the appointment of the committee of experts in August 1992 (to do a research), the reporting back and floating of the tender Oct./Nov., and the appointment of a supplier was too short for such a purchase with competitive alternatives and bidders, unless the exploratory work was not thorough; the claims of 'a thorough scrutiny by experts' in para. 4.1 justifying the selection of SPS as the winning bidder with the 'best radar-Watchman and COMMANDER RADAR'[4.1], not withstanding

On the question of project costs there are a number of difficulties too. On the one hand we are told that "the government, in November 1993, informed the British company of its acceptance of the recommended equipment and the procedure to follow" [4.3]. On the other we are later told that "On 11 February 1995 the government decided in principle on the project implementation after and taking note of the report of the committee of experts'[5.2]. Without some elaboration one is left wondering what the difference is between the two or three decisions. The project cost issue is further compounded by the apparent multiplicity of actors on the part of the Tanzania government. Different prts of the report refer to a 'committee of experts'[5.2] but elsewhere there is reference to 'authorities concerned with the project'[5.4]. In the negotiations with Barclays Bank reference is made, first, to an 'initial report by the chief negotiator who supported Tanzania's plans' and later on to a 'Tanzania delegation' which held talks with Barclays Bank on the loan agreement. It is not clear what roles the various actors and if these roles were mutually supportive. The report also mentions an initial payment of $5.4mi. without indicating at what stage the payment was made in the whole process.

Perhaps the most intriguing part of the statement is on 'EXPERT OPINION' [6]. Briefly, the statement indicates that at the insistence of the WB/IMF the government yielded to pressures to appoint an aviation expert to investigate the decision to purchase the radar. The first experts, (TECN-ECON) of Britain supported the decision while the second one (Aerotech) of the US, using a different approach, recommended an alternative system to be obtained from the US. Apart from the fact that this part of the statement is brief and rather sketchy, there is no attempt to indicate at what stage the two aviation expert reports were made or how they were synchronized with and utilized as inputs in the decision process. Moreover the British company is made out to be more objective while the US company sounds like a sales promoter for the US system. The government decided to proceed with the acquisition of the BAe system presumably because the government was already locked in the British deal! At any rate no third opinion was sought and the statement does not mention the ICAO report which also opposed the purchase. In the absence of the detailed reports it is impossible to take a position on the substantive differences between the expert reports. Suffice it to say, however, that the government's decision seems to be consistent with both Tanzania's inflexibility as well as the British governments determination to sell the system to Tanzania.

CONCLUSIONS. It is instructive to note that statement in its conclusion makes a reference to the people of Tanzania needing water, hospitals and schools and repeating routinely that; "The situation is being dealt with and wil continue to be tackled by the government of Tanzania …But it is also important to note that besides clean and safe water, schools and health services the people of Tanzania have the right to be assured of security and safety of their nation enabling them to take part

in activities that are related to their own development and that of their nation. Needless to say this conclusion immediately raises the issue to that of high politics defined in terms of national security in the narrow sense in which human or social security takes a secondary place. The following conclusions are tentative and perhaps raise more questions than provide answers. Our reading and interpretation of available data leads to the following conclusions:

• That Tanzania's decision to purchase the radar was initially a military decision whose strategic rationale remains rather unclear in the Tanzania setting. Contrary to the 'air safety' explanation offered, however, it would seem that the civilian needs were accommodated incrementally as objections arose from various quarters. This is what explains the eventual acquisition of the Watchman and Commander Radar system – hitting two birds with one stone, ex-post facto.

• The whole process seems to have been handled secretly by both the British and Tanzania governments suggesting that the British may have a strategic interest in the system in terms of 'free riding' in obtaining surveillance information in the region particularly in the context of Anglo-American collaboration in counter-terrorism. This is why information was selectively available in the British cabinet leading to a frustrated Tony Worthington (ex-minister and labour MP) saying: "This is an absolutely absurd situation. Ministers are now revealed to have been arguing about an export license for something that had already been given provisional approval without them realizing it"

• On the commercial side there is little that is transparent. Both the Blair government as well as British Aerospace have been quite tight-lipped about such questions invoking commercial confidentiality. Given BAe's reputation and practice elsewhere, the lack of transparency in the process, Claire Short's allegations of graft and Norman Lamb's 'bungs' however, it would be naive to think that Tanzania's deal was free of corruption. The only problem, as always, is how to establish that for certain.

• The goals of poverty reduction and sustainable development (to the extent that they were ever a consideration in the process – which is doubtful!) seem to have been sacrificed at the alters of 'national interests' defined in terms of strategic defense and commerce in the case of Britain and in terms of state security and elite interests in the case of Tanzania.

Perhaps we should close with the following quote which seems to sum up and contextualize the deal very well: " Its military usefulness to Tanzania is negligible, as the country only possesses 19 military ait craft in various stages of disrepair. Given Blair's foreign policy of piggybacking the Bush Administration's supposed 'war on terrorism' it is more likely that the equipment is to be used for western military operations in East Africa. The Mkapa regime has a history of following the IMF and World Bank prescriptions to the letter, has co-operated fully with the bush administration in its anti-terror offensive and would hardly buy the s

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