

# Tanzania at a crossroads: anti-corruption and the political settlement



## Key messages

- Tanzania faces a window of opportunity for addressing corruption in the country. Researchers should take advantage of this opportunity to identify feasible, sector-specific interventions that work with the grain of local interests to tackle corruption.
- The dramatic recent acceleration in the fight against corruption in Tanzania, and the pragmatic and deal-making approach of the new political leadership, is opening new forms of dialogue between the public and private sectors.
- For recent progress in anti-corruption to be sustainable, sector-specific anti-corruption reforms need to be embedded in institutions. These reforms can reduce the vulnerability to corruption in the public and private sectors, deliver pragmatic solutions and tangible results, while opening new spaces for productive investments and diversification.
- The achievement of these development outcomes in anti-corruption is a critical ingredient in sustaining Tanzanian efforts towards its structural transformation.

## What is ACE?

The Anti-Corruption Evidence (ACE) research programme takes an innovative approach to anti-corruption policy and practice. Working with a multi-country coalition of 12 partners over five years, ACE is responding to the serious challenges facing people and economies affected by corruption by generating evidence that makes anti-corruption real and using those findings to help policymakers, business and civil society adopt new, feasible, high-impact strategies to tackle corruption.

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## The ACE approach to anti-corruption and political settlements

What is the ‘political settlement’ and why does it matter for anti-corruption efforts in Tanzania? The political settlement, as we use the term, describes the particular way that power is distributed between the different groups or organisations, usually political parties and the factions within them, that make up a political state. Powerful groups use their power and access to distribute resources to their followers in return for their support, and this can provide political stability. However, the price for stability may be that resources are not used productively, and powerful groups may block changes to policies which could adversely affect their interests. Addressing political corruption in this context is a delicate balance between maintaining stability, seeking reforms and easing development bottlenecks. Where informal processes and power relations prevent the implementation of formal rules, legislative or policy measures to address corruption may have limited impact.

The ACE programme proposes a new approach to anti-corruption. While formal anti-corruption measures, such as legal frameworks and enforcement by state agencies, are vital ingredients, they must sit alongside more nuanced and pragmatic approaches that take the political settlement into account. ACE looks for feasible, incremental strategies that are embedded in specific economic sectors – such as agro-business, manufacturing, skills development, power generation or the health sector – and which engage with coalitions of people or organisations who can work together to further their interests and reduce corruption.

This briefing paper sets out the ACE analysis of the political settlement in Tanzania, and looks at how this situation both furthers and hinders efforts to tackle corruption. Based on our assessment of the context, we propose a set of research projects to explore new, high impact approaches to anti-corruption. This paper is based on Working Paper 001, [‘Anti-corruption in Tanzania: a political settlement analysis’](#) (Andreoni 2017) which explores the historical, political and economic context in greater detail.

## Bulldozer or builder? Introducing the political settlement in Tanzania

Tanzania has achieved significant growth performances since 2005, despite poor scores on its governance indicators, especially with respect to the control of corruption and government effectiveness. The political settlement is in flux. John Pombe Magufuli was elected President in October 2015 and speedily nicknamed ‘the Bulldozer’ in the press. The first phase of Magufuli’s presidency was characterised by a strong move to centralise power around the President; by an authoritarian approach towards the private sector; and by an increasing pressure on the opposition and media. This approach suggests a political settlement characterised by an authoritarian government that is vulnerable to losing power, and seeks to strengthen its control over its own supporters, as well as using repression of the media and opposition to support its position.

However, after the first nine months of the presidency there is evidence that, while the political settlement remains in flux, there is a shift from the ‘Bulldozer’ phase, to what we will describe as a ‘Builder’ phase. The second phase of Magufuli’s presidency has been increasingly characterised by: institutionalisation of power within Chama Cha Mapinduzi (CCM, the dominant ruling party in Tanzania and the longest reigning ruling party in Africa), and coalition building; disciplining the corrupt distribution of resources with a “pragmatic approach”, and direct involvement in deal-making and investments; continued systematic repression of the oppositions and the media. This could represent a subtly different political settlement, one where authoritarianism is balanced by weakened opposition and strong top-down control over the party and government apparatus. As this government becomes more secure it may become less repressive, and benefit from the ability to more effectively implement policy towards a potential developmental-state configuration.

Whether we are witnessing a shift in the political settlement in Tanzania, or not, Magufuli’s very public commitment to anti-corruption presents a window of opportunity for addressing this structural obstacle to Tanzania’s development. Combining top-down approaches to identifying and punishing corruption,

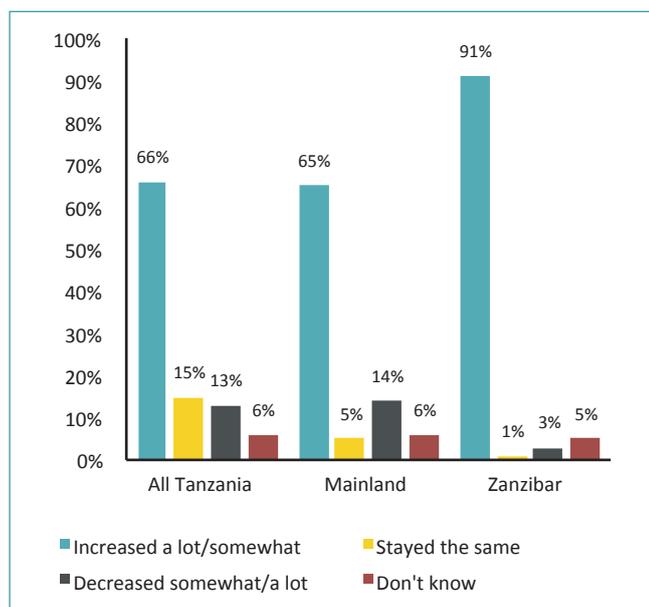
with strategies that are embedded in specific sectors, and bring together coalitions of interest to address a particular kind of corruption, will reap the largest rewards in the long-term.

## Corruption and politics in Tanzania

Despite its legal and institutional framework, and implemented reforms, corruption has remained a permanent feature in the development history of Tanzania, and has been one of the major forces driving changes in its political settlement. The evidence on corruption in Tanzania points to the existence of multiple types of corruption, involving different sectors and activities in the economy as well as multiple deep-rooted, sometimes overlapping, clientelistic networks.

According to the Afrobarometer (see figures 1 and 2 below), 66 percent of Tanzanians think that, over the last few years, cases of petty and grand corruption have increased a lot, while 15 percent believe they have remained at similar levels. Only 13 percent perceive a reduction in corruption. More critically, the perceived performance of the government in fighting corruption has been increasingly bad between 2005 and 2014.

**Figure 1: Perceived change in level of corruption in Tanzania, 2014**



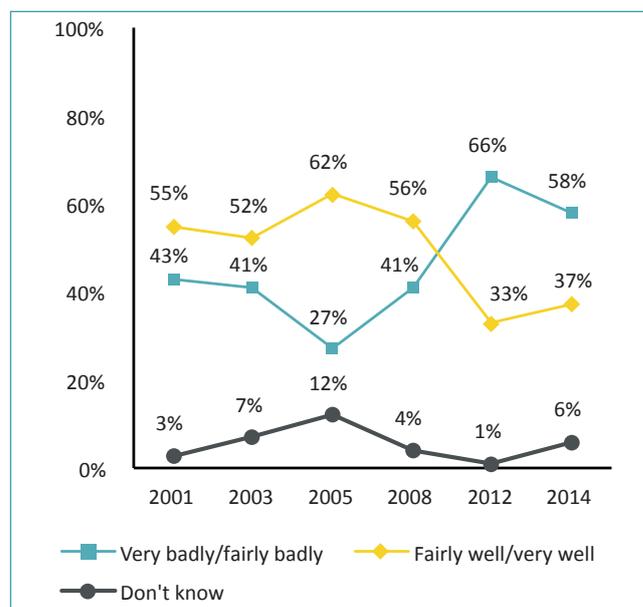
Source: Aiko (2015)

## Magufuli's election and the bulldozer phase

Magufuli's electoral manifesto and personal campaign were centred on three main promises. First, the launch of a crusade against corruption, tax evasion, smuggling and waste in public offices, including the establishment of a special court to fast-track the prosecution of those accused of corruption. The second electoral promise was to transform Tanzania into an industrialised nation. Magufuli made clear that the government would play a direct role in driving this transformation of the economy. Third, and finally, Magufuli promised to inject significant resources from the government budget to finance free education at both primary and secondary levels, and to prevent corruption between the central government and district levels which might undermine this goal.

During his first nine months in government, Magufuli managed to capture the imagination of the electorate with a number of popular initiatives and unexpected anti-corruption operations. The restrictions on public expenditures such as foreign travel for public officials, expensive public celebrations, and the use of hotels for government meetings, as well as the immediate transfer of these savings to finance hospitals and schools, gained Magufuli significant popularity. At

**Figure 2: Popular evaluation of government's performance in fighting corruption**



the same time, numerous anti-corruption operations were enforced, including the immediate calling of a 7-day ultimatum to businessmen suspected of tax evasion; the rooting-out of 16,000 “ghost workers”; finally, the firing of several senior civil servants.

The relationship between Magufuli and the private sector remained distant, if not confrontational, throughout his first nine months. Historically in Tanzania, the relationship between the government and the private sector has been characterised by mistrust, despite the financial support of various Tanzanian-Asian businesses to the ruling coalition. In his first public meeting with the private sector in early December 2015, Magufuli stressed that he wanted to work with businessmen to industrialise Tanzania, but that he would not tolerate corruption and tax evasion. The reaction from the business community was largely negative, although a number of businessmen had on multiple occasions endorsed Magufuli’s anti-corruption efforts, while warning about potential short-term macroeconomic risks. Magufuli’s personal crusade against corruption, and his centralisation of power around a trusted network, has proceeded hand in hand with an increasing pressure on excluded factions, opposition parties and the media.

### *The “builder” phase?*

There is some evidence suggesting that, since late summer 2016, Magufuli’s position has started to shift, including reforms to CCM party apparatus, and development of new relationships with the private sector. Meanwhile, pressure on the opposition and the media has continued to increase.

Building on a new rhetoric, Magufuli called for a “great transformation of our party” involving the reduction of the number of members in CCM decision-making organs at all levels; as well as the centralisation and streamlining of the party’s operations to cut costs. With these reforms Magufuli has clearly attempted to rebrand the party and rebuild its damaged legitimacy among large segments of the electorate. More critically, his reforms suggest that Magufuli is attempting to strengthen and institutionalise his control of the party, as well as reduce the policy money involved in the CCM presidential primaries.

The development of new coalitions involving powerful organisations in the private sector is the other distinctive feature of the second phase of Magufuli’s presidency. While maintaining an authoritarian approach, Magufuli has started to signal willingness to engage in deal-making with the private sector, involving the allocation of finance and other resources for productive investments in industrial sectors. This new approach to industrial policy signals a marked difference from both the first phase of Magufuli’s presidency and previous governments.

Changes in the relationships between Magufuli and CCM (institutionalisation of power), and between Magufuli and the private sector (controlling resource-sharing via deals making), reveal Magufuli’s pragmatic approach. However, there are a number of factors which could undermine his efforts and lead to different trajectories in the Tanzanian political settlement.

## Where to from here? Possible developments to the Tanzanian political settlement

From our analysis of the political settlement to date, it is possible to identify four main potential future scenarios, and their probabilities. These probabilities depend on a number of factors, discussed below.

### **Scenario 1: 35%**

Under the first five years of Magufuli’s presidency the political settlement becomes increasingly authoritarian and the repression of the opposition increases in preparation for the 2020 presidential elections. While excluded factions retain some resistance to authoritarianism, they fail to organise an effective response to Magufuli. However, Magufuli finds himself unable to develop his industrialisation plan, and does not manage to deliver sufficient results to win an open presidential election. To stay in power, he has to increase pressure on excluded or dissenting factions, both within and outside his party CCM.

### Scenario 2: 35%

During the first five years of Magufuli's presidency, the balance of power between the president and both the opposition and factions within his party begins to shift, with greater competition for power and supporters between different groups. Despite mounting discontent within the party, Magufuli is able to run as presidential candidate for CCM. The 2020 elections could see a strong opposition challenging the ruling coalition, and potentially overturning it if CCM experienced an internal split and fragmentation of power.

### Scenario 3: 25%

Under the first five years of Magufuli's presidency, the institutionalised control of power allows Magufuli to exercise control of the lower level factions within his party, and the implementation of the industrialisation agenda starts delivering some tangible results. Magufuli manages to discipline corruption and build up a coalition with emerging powerful and productive organisations. The opposition fragments and becomes weaker.

### Scenario 4: 5%

Magufuli finds himself unable to develop his industrialisation plan, and does not manage to deliver sufficient results to maintain his position. New lower level factions within CCM emerge and become so powerful that Magufuli is not reconfirmed as CCM presidential candidate for 2020. As a result, the ruling coalition arrives to the 2020 election weak and fragmented. Given the power that the constitution assigns to the institution of the presidency (including the support of the military and intelligence services) this is a very unlikely scenario.

Five main factors or dynamics will determine the trajectory of Magufuli's presidency and the reconfiguration of the political settlement in Tanzania.

1. The fact that Magufuli's aspirations are not fully articulated in a clear strategy. As pointed out by the Tanzanian economist Samuel Wangwe "the integration of all these policies in a common national framework has not been adequately ensured" (Citizen, 4 May 2016).

2. Despite the shift towards a more pragmatic approach in building coalitions for industrial development, the dialogue between Magufuli and the private sector may remain difficult, for a wide variety of political and economic reasons including the energy crisis and exclusion of the private sector from policy-making processes.
3. CCM is in a vulnerable transition, and the lack of a credible plan for generating party income for the next election might lead to the emergence of new factions, and again a fragmentation within the ruling coalition, with the lower level factions increasing their power. Magufuli's austerity measures within public offices introduce a related element of fragility.
4. Fourth, with the unprecedented movement of a major CCM political figure, Edward Lowassa, to the opposition party CHADEMA, the opposition has strengthened significantly, despite Magufuli's repression. Lowassa has brought to the opposition camp a critical amount of "relational capital", which could be mobilised during the elections.
5. Finally, despite Magufuli's anti-corruption initiatives delivering some results, his authoritarian and top-down approach to anti-corruption has already faced a number of limitations.

The next section explores this top-down approach to anti-corruption and the need for incremental and sector specific interventions to complement top-down approaches.

## Anti-corruption efforts in Tanzania – what could work

Since his electoral campaign, Magufuli's presidential and government agenda has been dominated by his anti-corruption crusade. The delivery of his anti-corruption agenda has mainly relied on the following three set of strategies:

- **Rule by fear:** blaming and shaming allegedly corrupt people in both the public and private sector and direct involvement in anti-corruption operations, backed by the police and the intelligence.
- **Punishment:** removing people from key positions in public offices and authorities, and prosecution enforcement (also in the form of ultimatums and amnesty agreements).
- **Centralisation:** reducing potential resource leakages from the centre to the regions/districts by direct allocation of resources (e.g. fertilizers, education) and centralisation in the President's Office of resource allocation functions (e.g. sugar import licence).

While the evidence is still scattered, Magufuli's systemic strategies may have achieved some results. However, there are reasons for concern about the *sustainability* of these strategies (and their results) as well as their *effectiveness* in terms of development outcomes. The main reason for these concerns is that Magufuli's anti-corruption strategy is mainly attacking the specific manifestations of corruption created and enabled by a much more diffuse and diversified set of processes, unfolding in different sectors and activities.

Without addressing the specific types of corruption processes entrenched in the current political settlement and economic structure, the replacement of public officials or their punishment does not automatically lead to any development outcome. If these anti-corruption strategies do not start delivering better development outcomes, for example an improvement of service delivery in education and health, or increased use of state resources for productive investments, the anti-corruption strategy will soon face increasing resistance.

The identification and implementation of sector-specific anti-corruption strategies that are *feasible* in the existing political settlement, and that are able to deliver significant incremental improvements in development outcomes – *high impact* - would address the shortcomings of the existing anti-corruption efforts in Tanzania, ultimately improving their effectiveness and sustainability.

## Conclusion

The dramatic acceleration in the fight against corruption by the current government since 2015 has opened an important window of opportunity for sectoral anti-corruption reforms and improved development outcomes. More critically, following the pragmatic and deal-making approach of political leadership, new forms of dialogue between the public and private sectors are gradually emerging. This provides an opportunity for researchers to document evidence of corruption and inefficiency in these sectors to help build feasible, high-impact reforms that will support development and tackle corruption.

The consolidation and sustainability of important results achieved so far calls for such sector-specific anti-corruption reforms to be embedded in institutions. These reforms can reduce the vulnerability to corruption in the public sector, deliver pragmatic solutions and tangible results, while opening new spaces for productive investments and diversification, as well as new public-private partnerships. The achievement of these development outcomes is a critical ingredient in sustaining Tanzanian efforts along the country's structural transformation pathway. ACE is working towards this objective with research partners in Tanzania, to generate evidence-based research on anti-corruption strategies in several key sectors to the Tanzanian economy. Find out more about the strategies and the sectors where we will engage by visiting [www.ace.soas.ac.uk](http://www.ace.soas.ac.uk).

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## About the Anti-Corruption Evidence (ACE) Research Consortium:

ACE takes an innovative approach to anti-corruption policy and practice. Funded by UK aid, ACE is responding to the serious challenges facing people and economies affected by corruption by generating evidence that makes anti-corruption real, and using those findings to help policymakers, business and civil society adopt new, feasible, high-impact strategies to tackle corruption.

ACE is a partnership of highly experienced research and policy institutes based in Bangladesh, Nigeria, Tanzania, the United Kingdom and the USA. The lead institution is SOAS, University of London. Other consortium partners are:

- London School of Hygiene and Tropical Medicine (LSHTM)
- Palladium, London
- University of Birmingham
- University of Columbia, New York
- BRAC Institute of Governance and Development (BIGD), Dhaka
- Transparency International Bangladesh (TIB), Dhaka
- James P. Grant School of Public Health BRAC University (JPGSPH), Dhaka
- Research on Poverty Alleviation (REPOA), Dar es Salaam
- Economic and Social Research Foundation (ESRF), Dar es Salaam
- Ifakara Health Institute (IHI), Dar es Salaam
- Nigerian Institute of Social and Economic Research (NISER), Lagos
- Centre for Democracy and Development (CDD), Abuja
- Health Policy Research Group, University of Nigeria

ACE also has well a established network of leading research collaborators and policy/uptake experts.

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