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# The New Institutional Approach to Understanding Good Governance in Tanzania

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**This paper investigates and reflects on the relationship between governance and institutions. Very specifically, the paper explores different theoretical and empirical debates about governance in general and good governance in particular in local political settings. Drawing upon "new institutionalism", the paper offers a satisfactory analytical framework for understanding the ability of the institutions of governance in Tanzania, from their inception through their development over time, to meet the needs of the local community. This analysis links the present state of institutional arrangements, the originating context or set of circumstances behind the creation of that institution, and the sequence of connecting events—institutional path dependence. I have indicated in this paper that studying local governance in Tanzania brings strongly into focus the nature of the relationship between institutions and the quality of service provision at the local level. This analytical approach not only helps to provide objectives and meaning for governance, but also offers a path to understanding the fundamental shortcomings of the institutions of governance in Tanzania. The paper concludes by arguing that, the problems of governance in Tanzania and likely in other developing countries is not a lack of sound development policies, but rather the institutional mechanisms necessary to translate those policies into desirable results.**

**Key Words:** Governance, Good Governance, New institutionalism, Institutions, Tanzania

## INTRODUCTION

Since the early 1980s, institutional analysis has been gaining a new popularity within political science, economics and sociology. In these disciplines, institutional scholars refer to this revived focus as "new institutionalism". Goodin and Klingemann describe this new institutional thinking as "the next revolution" in the discipline of social science (1996, p. 25).Central to new institutional perspectives is that institutions matter for political outcomes and that the quality of institutions is an important determinant of a well-functioning system of governance. From this perspective, governance is embodied in institutional arrangements, consultative mechanisms, policy-making processes and the nature of leadership in political systems (World Bank, 2002). As Pierre (1999) pointed out, institutional analysis is a critical component for any understanding of local governance, not least because it highlights systems of values and norms that give meaning, direction, and legitimacy to such governance. This analytical approach not only helps to provide objectives and meaning for governance, but also offers a path to understanding the fundamental shortcomings of the local governance system not only in Tanzania, but also in other developing nations.

In view of this paper, the issues and debates on governance in developing nations can be explored from at least three different perspectives. The first of these is the *political economy dimension*, which focuses on state reforms in response to changes in global forces. The second perspective is that of the *neo-liberal dimension*, as promoted and enforced by the International Monetary Fund (IMF) and the World Bank in the early 1980s. The third perspective is the *nation-state dimension*, which focuses on a country's own initiatives toward good governance for sustainable local development. While this paper focuses on the nation-state dimension, the impact of both the political economy and neo-liberal dimensions upon nation-state initiatives will also be discussed. Furthermore, in the broad conception of governance and institutions, it is also understood that institutions can create a space between governance or policy intentions and unintended consequences. [1]The new institutional analysis in this paper is used to explain the discrepancies between the visions of governance for Tanzania promulgated by socialist institutions and later capitalism within the country, as well as by foreign neo-liberal institutions (especially via the World Bank and the IMF), and to contrast these visions with their real institutional outcomes. This analysis is guided by the proposition that an effective institutional framework is vital for achieving sustainable good governance in developing nations.

In specific, the paper explores different theoretical and empirical debates about governance in general and good governance in particular. It begins with the historical overview of post-colonial institutions[2] of governance in Tanzania. Drawing upon historical institutionalism, the paper offers a satisfactory analytical framework for studying the ability of the institutions of governance in Tanzania, from their inception through their development over time, to meet the needs of the local community. This analysis helps the reader to link the present state of institutional arrangements, the originating context or set of circumstances behind the creation of that institution, and the sequence of connecting events—*institutional path dependence*. Secondly, this paper explores the genealogy of the concept of governance in its various meanings and explains how thinking about governance can contribute to our understanding of political institutions in Tanzania and other developing nations of Africa. Thirdly, this paper discusses a wide variety of governance initiatives in Tanzania, bringing together empirical cases for measuring governance in general and good governance in particular. The paper indicates that studying local governance in developing nations brings strongly into focus the nature of the relationship between institutions and the quality of service provision at the local level.

## Theoretical Framework

Since the early 1980s, political science has witnessed two significant changes in scholarly focus. One such paradigmatic shift is the renewed interest in political institutions—new institutionalism—and the second one is the rapidly growing number of studies centred on the concept of *governance* at different analytical and institutional levels (Pierre, 1999). This paper applies a new institutional approach to analyze problems embodied in the local governance system in Tanzania. The paper does not seek comprehensiveness in its coverage of new institutionalism in the social sciences, but focuses selectively on new institutionalism in political science. I have chosen the new institutional approach not because it offers new answers to the traditional questions of politics (*who* gets *what*, *when* and *how*), but because it incorporates other contextual variables, outside of the traditional views of politics,[3] that matter for political outcomes.

As new institutional approach underpins the analysis undertaken in this paper, specific attention is paid to the contributions that institutions makes to the understanding of the governance system in Tanzania. It has been indicated in this paper that a new institutional analysis is needed to understand the fundamental institutional problems of the governance system in Tanzania. Such an analysis, I believe, will better describe the arena that is of direct relevance to the problem being examined, the context that frames and affects the arena, the behavioural patterns and the likely outcomes. This paper agrees with Mead (1979)'s argument that there is an

[1] Lee (n.d.) defines unintended consequences as situations where a policy action results in an outcome that does not match what was intended.

[2] In this paper, institution is defined as a set of structural constraints—institutional design, rule and norm structure—which govern the behavioural relations, interactions and networks among individuals and/or groups. As used in this paper, institution includes, among other things, both informal constraints (such as preferences or interests of the actors, informal networks and interactions and prevailing social conditions) and formal settings (such as actors, laws, mode of governance, policies and strategies).

[3] As Meyer and Rowans (2006) have pointed out, traditional perspectives on politics view institutions as objective structures that exist independently of human action. In contrast, the new institutionalism sees man-made rules and other informal procedures as the basic building blocks of institutions as well.

incredible need for institutional analysis, as the issues faced by governments at all levels tended to stem increasingly from administrative structures.

## The Historical Overview of Tanzania's Institutions of Governance

Historical institutionalism as one of the methods of analysis in new institutionalism has a view of institutional development that emphasizes "path dependence". Path dependence means that current and future actions or decisions depend on the path of previous actions or decisions (Pierson & Skocpol, 2002). Pierson (2000), for instance, argues that an early institutional approach is very important in explaining current institutional developments. Recently, path dependence has become a popular conveyor of the looser ideas that history matters or the past influences the future (Pierson, 2004; Crouch & Farrell, 2004; Mahoney, 2000; Hall& Taylor, 1996). The point is that what happens at an earlier point in time is understood to affect the range of possible outcomes for a sequence of events occurring at a later point in time (Hall& Taylor, 1996; Pierson, 2004). Importantly, Pierson (2004) suggests that early stages in the sequence of an institution's development can place particular aspects of political systems into distinct tracks that are then reinforced through time.

The 1960s was an independence decade for most of the countries in Sub-Saharan Africa (SSA). Since then, most of these countries have experienced various forms of political governance regimes, ranging from extreme totalitarian states to the liberal democratic tradition (OECD, 2004). Most of the countries in SSA practiced a distinctive political behaviour and created regional institutions designed to protect their newly born states from any external interference. African independence leaders such as Kwame Nkrumah in Ghana; Nnamdi Azikiwe and Obefemi Awolowo in Nigeria; Jomo Kenyatta, Thomas Mboya and Jaramogi Odinga in Kenya; Amilcar Cabral in Guinea-Bissau; and Julius Nyerere in Tanzania produced development philosophies[4] which justified their conceptions of where they would want to focus after independence. To them, the major challenge was how to extend traditional African values to the modern nation-state setting. In meeting this challenge, most of these leaders aspired to use the best from their own traditions of governance to oversee social development within their respective countries. By some measures, this was successful. For instance, Moss (2007) has noted that Africa's immediate post-independence period was fairly positive, with income per capita rising about 2.4 per cent per year during the 1960s.

In Tanzania, the independence leader, President Julius Nyerere postulated *Ujamaa*[5] —his particular version of socialism—as the answer to the Tanzania's political and socio-economic problems. Nyerere was known not only as an articulate spokesman for African liberation and African unity, but also as an educator and philosopher. Before beginning his political career, Nyerere was a teacher, and as a result of the intimate interaction between his political and educational leadership, he was tenderly and respectfully referred to by the title of *Mwalimu*, or *Teacher*, by Tanzanians.

Soon after independence in 1961, the government declared three "enemies" that threatened independence and national security: poverty, ignorance, and disease (Nyerere, 1966). On the evening of the day he took his oaths as Prime Minister of Tanganyika in May 1961, Nyerere told Tanganyikans:

> I have talked to you before about poverty, ignorance, and disease. But in fact, if we defeat poverty, we shall have achieved the means by which we can defeat ignorance and disease. Yet poverty is something that really only you can fight. . . . This is your battle. This is our battle. This is the enemy we all must fight. (Nyerere, 1966, pp. 114-115)

In an effort to eradicate these three enemies, Nyerere pursued social, political and economic policies that redefined the roles and functions of the state. In February 1967, President Nyerere's government adopted a socialist development economy that led to extensive government involvement in all social spheres in addition to centralized public planning and control and delivery of social services. The government of Tanzania attempted to implement a nationwide system of collectivized agriculture, with emphasis on the canon of *socialism* and *self-reliance*. These two guiding principles were channelled through the ruling party under the rubric of the Arusha Declaration.

The Arusha Declaration is a set of principles drafted in Arusha town by the then governing party, TANU,[6] in February 1967, to serve as a guide toward economic and social development in Tanzania. The essential substance of the Arusha Declaration was a rejection of the concept of national splendor as distinct from the well-being of its

[4] Or doctrine: a belief (or system of beliefs) accepted as authoritative by some group or school (http://wordnetweb.princeton.edu/perl/webwn)

[5] Ujamaa is a famous Swahili word often used to mean socialism. It was first used in a political context by President Nyerere in his chapter "Ujamaa-the Basis of African Socialism" (Nyerere, 1962, pp. 162-171). However, in its original Tanzanian context, Ujamaa goes further to mean family-hood, brotherhood or friendship.

[6] The Tanganyika African National Union (TANU), founded by Julius Nyerere in July 1954, was the principal political party in the struggle for sovereignty in Tanganyika (now, Tanzania Mainland). After Tanganyika and Zanzibar united in April 26, 1964, TANU continued to be a ruling party in Mainland Tanzania and the Afro-Shiraz Party (ASP) for Zanzibar until their merger in February 5, 1977 to form Chama Cha Mapinduzi (the Revolutionary Party).

citizens, and a rejection of material wealth for its own sake. The declaration emphasized the concept of equal opportunity and the need to reduce social inequities. As stated by President Nyerere:

> The objective of socialism in Tanzania is to build a society in which all members have equal rights and equal opportunities; in which all can live in peace with their neighbors without suffering or imposing injustice, being exploited, or exploiting; and in which all have a gradually increasing basic level of material welfare before any individual lives in luxury. (Nyerere, 1968, p. 340)

The Arusha Declaration was a commitment to the belief that there are more important things in life than amassing riches, and that, if the pursuit of wealth clashes with concerns such as human dignity and social equality, then the latter are to be given priority (Nyerere, p. 316). The Arusha Declaration emphasizes the need for mobilizing human resources for self-reliant development rather than relying on capital or material resources, underpinned by the idea that the development of a country is brought about by people, not by money. According to Nyerere, money and the wealth it represents should be the result and not the basis for Tanzania's development (Nyerere, 1968). Hence, the Arusha Declaration identifies four prerequisites for Tanzania's development: (i) land, (ii) people, (iii) good policies, and (iv) good leadership.

The Arusha Declaration states the principle that land is the basis for human life and all Tanzanians should treat it as a valuable investment for future development. Thus, it is a responsibility of the government to see to it that land is used for the benefit of the whole nation and not for the benefit of one individual or just a few people. The Arusha Declaration also states the belief that people are important tools for policy implementation. Hence, the people of Tanzania had to be taught the meaning of self-reliance and how to practice it. The Arusha Declaration states that socialism and self-reliance are the best policies for the development of a young nation like Tanzania. Finally, the Arusha Declaration recognizes the importance of good leadership and the urgency of establishing such: leaders must set a good example to the rest of the people in their lives and in all their activities (see Nyerere, 1967). President Nyerere's goal was to make his poor nation economically and politically independent and to create an equalitarian society. According to Yefru (2000), the Declaration was widely acknowledged by many African countries for its historical significance in development. Yefru notes further that the significance of the Arusha Declaration lies on its idea of development from the grass roots, which no one country in the continent envisioned the same.

In September 1967, Nyerere published his book, *Socialism and Rural Development*, in which he spelled out three governing principles upheld by socialism and self-reliance: *equality*, *mutual respect* for all families, and *participation* in the collective development. President Nyerere emphasized rural development because about 90 per cent of all Tanzanians lived in rural areas and the majority of them relied on a subsistence agricultural economy. Through his rural development strategy, all Tanzanians were encouraged to form villages based on co-operation and communal work, commonly known as *Ujamaa* villages. Essentially, this implied two things: village autonomy and a directed effort by the state (Hyden, 1980). This development strategy advocated that development beneficiaries actively contribute to their own development whereas the government would provide social services such as roads, schools and hospitals. However, as with many other social experiments of this kind, Nyerere's ambitions failed to meet the objective of eradicating poverty, ignorance, and disease, and Tanzania's economy was ultimately crippled by a combination of *Ujamaa*'s policies, natural disasters and a war with Uganda in the late 1970s.

Following the wide array of reforms pioneered by the World Bank and the IMF in the early 1980s, the failure of Tanzanian socialism was accepted as obvious especially for Nyerere and his ruling party – *Chama cha Mapinduzi* (CCM, Revolutionary Party). By 1985, the government was essentially bankrupt and had little choice but to comply with the World Bank and the IMF (Holtom, 2005). While Nyerere admitted that some of his policies were mistakes (for instance, nationalization of the sisal plantations), he nevertheless defended the validity of his policies until his death in October 1999. In his very last interview, with the *New Internationalist Magazine (NIM)* about a year before he died, Nyerere was asked, "Does the Arusha Declaration still stand up today?" He responded:

> I still travel around with it. I read it over and over to see what I would change. Maybe I would improve on the Kiswahili that was used but the Declaration is still valid. I would not change a thing. Tanzania had been independent for a short time before we began to see a growing gap between the haves and the have-nots in our country. A privileged group was emerging from the political leaders and bureaucrats who had been poor under colonial rule but were now beginning to use their positions in the Party and the Government to enrich themselves. This kind of development would alienate the leadership from the people. So we articulated a new national objective: we stressed that development is about all our people and not just a small and privileged minority. The Arusha Declaration was what made Tanzania distinctly Tanzania. We stated what we stood for, we laid down a code of

**Table 1.** Tanzania: Government Expenditure

| Fiscal Year | Education (%) | Health (%) |
|---|---|---|
| 1980/1981 | 12.55 | 5.61 |
| 1981/1982 | 12.47 | 5.38 |
| 1982/1983 | 13.09 | 5.29 |
| 1983/1984 | 11.85 | 5.46 |
| 1984/1985 | 7.29 | 4.98 |
| 1985/1986 | 7.61 | 4.37 |
| 1986/87 | 6.45 | 3.66 |

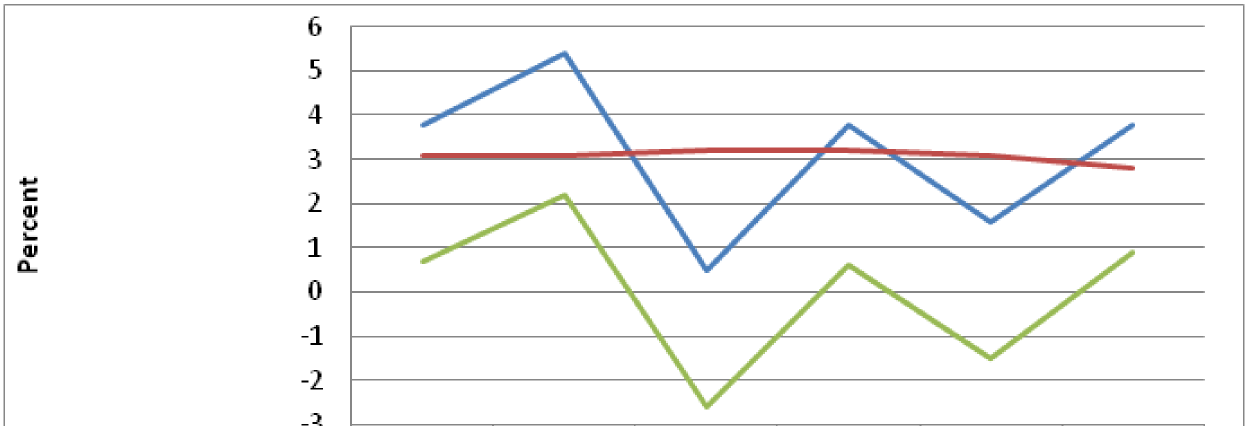
> conduct for our leaders and we made an effort to achieve our goals. This was obvious to all, even if we made mistakes—and when one tries anything new and uncharted there are bound to be mistakes . . . I still think that in the end Tanzania will return to the values and basic principles of the Arusha Declaration. (Bunting, 1999, para. 11, 12, 23)

In 1985, Julius Nyerere voluntarily retired from the presidency, although he remained the chair of the ruling party, CCM, until August 1990. Nyerere's successor, Ali Hassan Mwinyi, launched the first Economic Recovery Plan (ERP) in 1986, a liberalization program which emphasized the production of cash crops through individual incentive, free market incentives in industrial production, and devaluation of the Tanzanian shilling (Zirker, 1997). Since 1986, Tanzania gradually began the transition to a more market-based or capitalist economy.

## The Fall of Washington Consensus and the Rise of Governance as a Development Agenda

Following a period of steady growth in the 1960s and early 1970s (see Table 1), in the 1980s the economic performance of many countries in SSA was disappointing and the majority of the population lived in absolute poverty. The 1980s is often called the "lost decade" for SSA, with average incomes declining by 1.1 per cent per year (Moss, 2007). While this paper does not focus on the whole of SSA, I will give an illustration of two other countries, apart from Tanzania, to demonstrate the 1980s' economic downturn in SSA. If we compare two pairs of countries, Ghana and Nigeria (from SSA) on the one hand and South Korea and Indonesia (from South-east Asia) on the other we will see that, both countries started at very similar levels of income in the early 1960s but have diverged sharply since then. When Ghana achieved its independence in 1957, it was one of the wealthiest nations in SSA, with per capita income almost equal to that of South Korea; that is, US$490 for Ghana versus US$491 for South Korea. However, by the early 1980s, Ghana's annual income per capita had fallen by nearly 20 per cent to US$400, while South Korea's per capita GDP was, by then, over US$2,000 (see Werlin, 1991). On the other hand, Nigeria's initial condition in the 1960s was more promising than that of Indonesia (Lewis, 2007). According to official data, the Nigerian economy expanded about five per cent on average in the 1960s with per capital income slightly higher than Indonesia; that is, US$624 for Nigeria versus US$600 for Indonesia. However, by the early 1980s, the Nigerian economy declined dramatically compared to that of Indonesia. While Indonesia witnessed more than six per cent average annual economic growth in the 1980s, Nigeria's net economic growth from 1981 through 1990 averaged only 1.33 per cent per annum (Lewis, 2007).

In Tanzania, the extensive government involvement in social service provision was eventually incompatible with the level of economic growth in much of the late 1970s and 1980s. As Ndulu and Mutalemwa (2002) have pointed out, the state had an overwhelming role in resource allocation and an enormous amount of control over the actions of economic agents. By the end of the 1970s, the Tanzanian economy was in a serious financial and production crisis and began to decline rapidly (Lawrence, 2003). Agricultural production fell and food shortages abounded in almost every part of the country. In the early 1980s, the public expenditure framework expanded far beyond what the government could afford; Calderisi (2006) has noted that in the 1980s, 60 per cent of the development budget was funded by foreign aid. The scale of this downturn is demonstrated by the fact that the Tanzanian economy declined dramatically from 1982 to 1990, from the 14th poorest country with a GNP per capita of US$280, to the second poorest in the world with a GNP per capita of US$110 (World Bank, 1984; World Bank, 1992). By means of explanation, African governments essentially saw the root cause of their problems in their inequitable economic relations with the developed world. In contrast, however, the World Bank Report of 1981, also known as the "Berg Report," placed the blame for Africa's poor performance on bad domestic




| | 1962-98 | 1962-77 | 1978-83 | 1984-91 | 1992-94 | 1995-98 |
|---|---|---|---|---|---|---|
| Real GDP | 3.8 | 5.4 | 0.5 | 3.8 | 1.6 | 3.8 |
| Population Growth | 3.1 | 3.1 | 3.2 | 3.2 | 3.1 | 2.8 |
| Per Capita GDP | 0.7 | 2.2 | -2.6 | 0.6 | -1.5 | 0.9 |

**Figure 1**. Tanzania: GDP and Population Growth, 1960-1998

economic policies, such as state regulation and intervention in markets. Figure 1

In order to curb the growing socio-economic crisis, Tanzania, like other countries in SSA entered into formal negotiations with the IMF and the World Bank for the implementation of Structural Adjustment Policies (SAPs) and Economic Recovery Programs (ERPs), the result of which was the reintroduction of a market-based economic system in 1986. The reform programs pioneered by the IMF and World Bank were aimed at promoting economic growth, reducing poverty and encouraging popular participation and good governance (Mugerwa, 2003). Hence, since the early 1980s, there has been an unprecedented wave of policy changes or reforms that are global in scope and Africa could not isolate itself from this fact (see Miller, 2005). For instance, Senegal adopted these policies earlier in 1979 whereas Kenya and Ghana reached a similar agreement in 1983 (Moss, 2007, p. 106). It is for this reason, as indicated by Ayeni, that some observers have described this wave of reforms as a “global revolution” (2002, p. 1). By the mid-1990s, about 29 African countries had entered into agreements with the IMF and the World Bank (Lawrence, 2003).

However, the beginning of the 1980s marked a very significant shift in development policy in Africa, from state-led to market-led economies. This shift was based on the assumption that free trade is the most effective way to promote growth as it was believed that value generated by trade would ultimately trickle down throughout society. Thomas Friedman was among the more popular authors who championed this neo-liberal concept. Friedman (2005) has argued that free trade, private property rights and free markets lead to a richer, more innovative, and more tolerant world. This neo-liberal view was promoted and supported not only by global financial institutions, but also by most of the major trading states and multinational corporations (Lamy, 2008).

The neo-liberal policies of the 1980s are often referred to as the “Washington Consensus” a term first used in 1989 by World Bank economist John Williamson in a conference he hosted to draw attention to economic reforms that had been carried out in Latin America over the last decade and to identify areas in need of further reform (Williamson, 1990). The term *Washington Consensus* is used to refer to the complex array of policy reforms proposed by the IMF and the World Bank in the 1980s as remedial measures for the failing policies in place at the time in the developing world. Williamson’s intention was not to criticize Latin America’ reforms, but he believed that these reforms were so widely recognized as correct that they should constitute the standard reform for developing nations (Williamson, 1990).

The Washington Consensus used, among other instruments, Structural Adjustment Policies (SAPs) as universal blueprints for development, regardless of the particular exigencies of a given country. The goal of these policies was to put in place a set of mechanisms for achieving development by relying on the market, with minimal state interference. A crucial aspect of these policies was the promise of policy changes by recipient countries in exchange for aid (Moss, 2007). More specifically, SAPs involved the following policies, which are often referred to as “conditionality”: (i) shrinking the larger budget deficits through fiscal discipline; (ii) reordering public expenditure priorities such as basic health, education and infrastructure; (iii) building a fair and effective tax system through tax reform; (iv) liberalizing interest rates by stopping the state from artificially forcing interest rates; (v) allowing a competitive exchange rate; (vi) trade liberalization through moving toward more open trade; (vii) liberalization of inward investment by encouraging foreign investors; (viii) privatization of state owned industries to allow more profits; (ix) reducing barriers to private business operations through deregulation; and (x) legal security for property rights. These policies came into widespread use in the 1980s and became the basis for determining the development prospects of developing countries.

While SAPs were applied extensively in most of SSA in the 1980s, this part of the continent was still trapped in such a vicious cycle of poverty that few of the countries could exit these programs with successful economies measured by sustained economic growth. Neo-liberal policies failed to deliver distinct improvements in governance and economic performance, let alone the broader and more demanding goals of African development. Even with additional funding from the World Bank, the situation in Africa deteriorated further (Stein, 2008). For example, Howard Stein argues that from 1980 to 1989, real per capita income for SSA fell by 1.2 per cent per annum, while debts increased at an annual compounded rate of 12 per cent. Moreover, the debt-to-exports ratio rose at a rate of 17.7 per cent per annum to a completely unmanageable 360 per cent of gross domestic product (Stein, p. 39). Weisbrot, Baker, and Rosnick, who have analyzed the consequences of neo-liberal policies on developing countries, have noted that “contrary to popular belief, the past 25 years (1980–2005) have seen a sharply slower rate of economic growth and reduced progress on social indicators for the vast majority of low- and middle-income countries compared with the prior two decades” (2005, p. 1).

By the end of the 1980s, anxiety among developing countries had grown, regarding the SAPs’ ability to deliver the promised economic growth as well as the social impact of these policies. Post-development scholars criticize the SAPs as “pernicious discourse, a grand modernizing and colonial narrative reflecting and serving Eurocentric interests” (Craig &Porter, 2006, p. 2). These critiques became prevalent not only among the poorest states, but also within the World Bank and the IMF themselves.

Similar to other post-development scholars, Joseph Stiglitz (2002), who was the World Bank’s chief economist from time to time, has argued that SAPs have served as an intimidation factor used by the West against the poor people of Africa and other developing countries. The IMF and the World Bank imposed conditions such as drastic cuts in social expenditure, removal of food subsidies, retrenchments, currency devaluations and the introduction of user fees for education and healthcare services. According to Stiglitz, anyone who valued democratic processes would conclude that conditions such as these undermine the national sovereignty of recipient countries. This belief was partly due to lack of opportunity for African countries to borrow from the world capital markets, as well as their dependence on aid that gave donors significant power and influence over domestic affairs in recipient countries. As pointed out by Thomas (2008), Stiglitz has argued further that the East Asian crisis of the late 1990s offers a lesson that inappropriately managed market liberalization is devastating for poor countries. Stiglitz called for change but his message was not well received within the community of international financial institutions (IFIs). Stiglitz ultimately left office in 2000, highly critical of IFI policies (see Thomas, 2008).

The notion that donors should have power and influence over the domestic affairs of recipient countries raised concerns about the “ownership” of reform programs. The experiences of developing states show that reform ownership is an important determinant for policy success. Thomas (2008) notes that to induce better outcomes, reforms have to be country-driven and country-owned rather than imposed by actors outside of the implementing country. However, the reform experience in Africa has been that donor countries or organizations assume ever more extensive powers and influence over the recipient countries. But, as a consequence, Tsikata (2003) argues that any reform initiative in Africa cannot be sustained in the absence of ownership by and commitment from Africans themselves. Tsikata then outlines four contexts in which reform ownership can be demonstrated: (i) at the initiation level; (ii) during the refining process; (iii) through expressible political support; and (iv) by the extent of public support and participation. The implementation of SAPs in the early 1980s in Tanzania was complicated by a lack of broad-based domestic consensus and support (Tsikata, p. 36). This was partly due to the fact that reforms were not home-instituted and partly due to the legacy of socialism under the leadership of Nyerere.

Critiques of SAPs have also centred on the increased unemployment and greater poverty among and within developing states (Lawrence, 2003). In Tanzania, SAPs resulted in a wide economic gap between the business sector and public workers and peasants, with the poor becoming even poorer. Following the introduction of progressively larger and more frequent user fees for social services in the late 1980s, school enrolment and quality of social services declined. As part of Tanzanians who went to high school and college in Tanzania in the late 1980s and early 1990s and both from poor family background, Iview SAPs as regressive and particularly burdensome for the poor, as poor households had limited resources to pay for social services, particularly for education and health services. Consequently, by 1993, gross enrolment in primary education in Tanzania had declined from 100 per cent in 1980 to 82 per cent whereas the illiteracy rate had increased from 10 to 16 per cent between 1986 and 1992 (World Bank, 2002). Meanwhile, six per cent of the better-off had access to secondary school, whereas only one per cent of the poor had this privilege (Klugman et al., 1999).

In addition, although a variety of fees were levied on primary and secondary education (basic education), university education remained free of charge. Consequently, the structure of government educational spending in Tanzania became highly biased; with the highest income earners receiving more than twice the share of the overall public expenditure on education received by the lowest income earners (see World Bank, 2002). According to official data, the share of education in total government spending dropped from 12.55 per cent to 6.45 per cent between 1980 and 1987, and the share of health services declined from 5.61 per cent to 3.66 per cent over the same period (Table 1).

Consequently, key objectives of President Nyerere's development strategy for Tanzania, as reflected in the Arusha Declaration 1967—*ensuring that basic social services be available equitably to all members of society*—had become severely constrained. In his interview with the *New Internationalist Magazine*, Nyerere said:

> I was in Washington last year. At the World Bank the first question they asked me was, "How did you fail?" I responded that we took over a country with 85 per cent of its adult population illiterate. The British ruled us for 43 years. When they left, there were two trained engineers and 12 doctors. This is the country we inherited. When I stepped down there was 91 per cent literacy and nearly every child was in school. We trained thousands of engineers and doctors and teachers. In 1988 Tanzania's per-capita income was US$280. Now, in 1998, it is US$140. So I asked the World Bank people what went wrong. Because for the last ten years Tanzania has been signing on the dotted line and doing everything the IMF and the World Bank wanted. Enrolment in school has plummeted to 63 per cent and conditions in health and other social services have deteriorated. I asked them again: "What went wrong?" These people just sat there looking at me. Then they asked what could they do? I told them have some humility. Humility—they are so arrogant! (Bunting, 1999, para. 25-27)

In 1989, a new World Bank report on Africa, *From Crisis to Sustainable Growth*, was released. Unlike the Berg Report (1981), which was undertaken without any direct input from Africans, this new report demonstrated its commitment to African participation. The World Bank admitted its past mistake of imposing policies which were not friendly to recipient countries and suggested that this new development agenda should now be shaped through local participation and ownership. It is indicated in the report that about 400 Africans from various countries in Africa were interviewed. The report introduced an entirely different set of policies intended to alleviate Africa's poor track record in economic (and social) development. Based on the comments of respondents, the report argues that, in order for African governments to succeed, they need to "address the fundamental questions relating to human capacities, institutions, governance, the environment, population growth and distribution and technology" (World Bank, 1989, p. 1). According to this report, the underlying factor behind the failure of Africa's economies is a crisis of governance—poor governance. As Lawrence has pointed out:

> Market liberalization could not deal with these problems which, rather than a "rolling back of the state;" require a well-functioning bureaucracy operating through a set of public and private institutions, which combine to create a "developmental state." (2003, p. 53)

Affixing blame for the failure of structural adjustment policies to achieve intended beneficial results in the recipient countries, the "governance" debate began to feature in policy statements toward the end of the 1980s. In *From Crisis to Sustainable Growth* (1989), the World Bank singled out poor governance as one reason for the failure of SAPs. In many African countries, there was evidence of extensive personalization of power, abuse of human rights, widespread corruption and prevalence of unelected and unaccountable governments (Mhina, 2000). Hence, by the early 1990s, a crisis in governance was generally considered an inevitable consequence should existing policies for Africa's development be continued.

The new idea of focusing on governance was explored further in the April 1991 *Annual World Bank Conference on Development Economics.* In a section titled "The Role of Governance in Development", the Bank's chief economist, Lawrence H. Summers, argued in his keynote address that "the question of what governments must do, what they can do, and how we can help them do it better leads to the difficult problem of governance" (Summers, 1991, p. 13). The importance of governance was also pointed out at the same conference by Edgardo Boeninger, who was the Minister Secretary General of the Presidency in the Republic of Chile. Boeninger

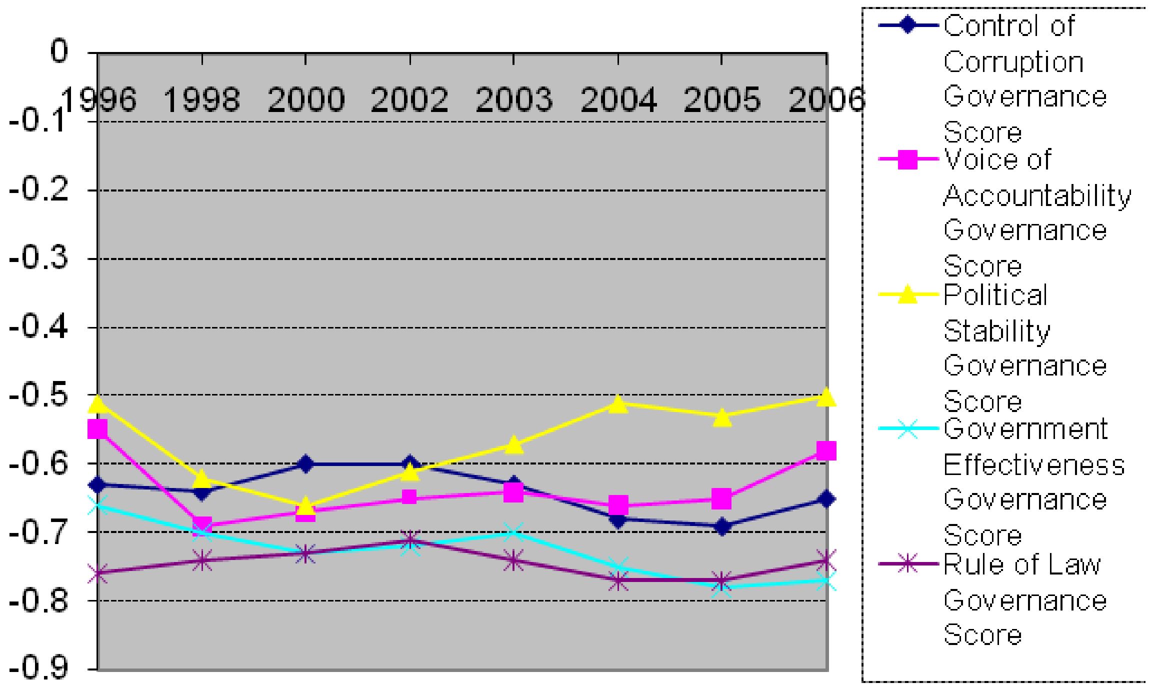



**Figure 2**. Sub-Saharan Africa: Governance Indicators (1996-2006)

argued that “the question of how governance promotes development cannot be considered in the abstract; the social milieu that provides the setting in which the state operates is crucial” (1991, pp. 269-270). While under the Washington Consensus, external actors (mainly, the IMF and the World Bank) had decided on the universal development blueprint for each recipient country, under this new emphasis on governance, national governments became responsible for owning development strategies and civil society for participating in their formulation (Thomas, 2008). According to Boeninger (1991), a consequence of this new emphasis would be that local actors would be central to sorting out the challenges, constraints, and priorities of political and economic reform.

On coming to power in 1995 as World Bank president, James Wolfensohn promised to make the Bank more sensitive to the needs of developing countries. Wolfensohn tried to recast the Bank’s image as an institution that was not only moving away from structural adjustment, but was also making the elimination of poverty its central mission, along with the promotion of good governance (Bello & Guttal, 2006). Consequently, the quality of governance was recognized as one of the essential ingredients for development prospects in Africa. For instance, since 1996, the World Bank has built worldwide governance indicators that report aggregate and individual governance indicators for developing countries (see Figure 2). These indicators are compiled from several sources, including polls of experts conducted by commercial risk-rating agencies, and resident surveys conducted by other organizations in a large number of surveys and other cross-country assessments of governance (Alence, 2004). This was done based on the World Bank‘s belief that governance matters and that there are strong causal relationships between the quality oflocal institutions of governance and development outcomes (Kaufmann et al., 1999).

## The Definitional Problems with Governance

While the concept of governance is central to the literature in political science and public administration, there has been a long struggle with the understanding of what precisely governance is—and when is it *good*? I made an argument before that “governance in general and good governance in particular, can be confusing phrases that could mean various things to various people” (Mgonja, 2006, p. xi). In fact, the terms often have a different meaning when translated from English to other languages, and clear equivalents do not always exist for the terms *governance* or *good governance*(see Frantzi & Kok, 2009). For instance, in India, the word continues to be used in common parlance to simply mean government (Dethier, 2000), while in Dutch its approximations, for example *bestuur*, are not quite the same as *governance*, and consequently many Dutch scholars use the English word when writing in Dutch (Frantzi & Kok, 2009). In the Swahili[7] language, the word has not found a proper translation. The words *utawala* and *utawala bora,* which are frequently used for *governance* and *good governance* respectively, literally mean *administration*, which is not quite the same as governance. Hence, in order to make any progress with our discussion about governance in Tanzania, it is important to have a clear understanding of what is meant by this term.

The term *governance* is a rather old term, despite its recent prominence (Pierre & Peters, 2000; Rhodes, 1997). In 1470, Sir John Fortescue, Chief Justice of the Court of King's Bench in England, published a book called *Governance of England* (Dethier, 2000). In 1989, the World Bank raised the issue of governance in the context of developing nations by defining it as the "exercise of political power to manage a nation's affairs" (World Bank, 1989). Since then, the word *governance* has been increasingly used around the world in public policy debates to refer to the manner in which power is exercised in the management of a country's economic and social resources for development (World Bank, 1992).

Despite the long provenance of the concept of governance, there is as yet no strong consensus around a single definition of governance or good governance. According to the *Oxford Dictionary*, governance means, "The act or manner of governing, of exercising control or authority over the actions of subjects; a system of regulations." Lynn et al (2001) more restrictively define governance as regimes of laws, administrative rules, judicial rulings and practices that constrain, prescribe, and enable government activity, where that activity is broadly defined as the production and delivery of public goods and services. According to Lynn et al, governance involves bargaining and compromise among actors with different interests; it comprises both formal and informal influence, either of which may characterize the relationship between a formal authority and the actual conduct of its government-mandated operations. Following the same trail, Weiss argues that governance then is about government, as well as those agents, mechanisms and institutions that "transcend the formal government apparatus" (2000, p. 800). It comprises all the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations and mediate their differences (Brillantes Jr., 2005).

Moreover, Ngware argues that governance is the "exercise of social, political, economic and administrative authority to manage a nation or municipal affairs" (1999, p. 9). Wohlmuth expands on this to refer to governance as the configuration of a social group that forms the basis of the ruling coalition and the policy direction that is produced by the interaction of its political and social elites (1999, p. 195). So, to Wohlmuth, governance is more than an arrangement of political structures and the capacity of government institutions in a country. The *Institute on Governance* (IOG) expands on this definition of governance as comprising "the traditions, institutions and processes that determine how power is exercised, how citizens are given a voice, and how decisions are made on issues of public concern" (Graham et al., 2003). According to the IOG, governance is not only about *where to go*, but also about *who should be involved in deciding*, and in *what capacity*. To the IOG, the process of governance involves not only government but also societies or other organizations that make their own important decisions, determine whom they involve in the process and how they render account. However, even though the many existing definitions of governance cover a broad range of issues, one should not conclude that there is any lack of definitional consensus in this area. This is rather an indication that there is a wide diversity of empirical measures of the various dimensions of governance.

For the purpose of this paper, governance is prescriptively conceptualized in a perspective that is grounded on institutions, networks and outcomes. In this view, I decided to focus on Rhodes' definition of governance: "self-organizing, inter-organizational networks characterized by interdependence, resource exchange, rules of the game, and significant autonomy from the state" (Rhodes, 1997, p. 15). Rhode's use of the term governance does not focus on state actors and institutions as the only relevant participants in the governance system, but also on the use of networks (which could be intergovernmental, inter-organizational, trust and reciprocity crossing the state-society divide, or transnational) in the pursuit of common goals. Again, I have chosen Rhode's definition not because it offers a unique perspective on governance, but because it extends beyond the role and actions of public sector institutions, structures, and processes to refer to the broader ideas of how societies organize to pursue common goals. In this regard, as Kooiman (1993; 2003) has noted, governance can be seen as an inter-organizational phenomenon that involves the totality of the theoretical conception of governing. Kooiman, like Rhodes, sees governance as the pattern that emerges in a socio-political system as a common outcome of the inter-connecting interventions of all involved factors.

Moreover, from an institutional perspective, governance is about affecting the frameworks within which citizens and officials act and politics occurs, and which shape the identities and institutions of civil society (March & Olsen,

[7] Swahili is a National language in both Tanzania and Kenya and widely spoken in other Eastern and Southern African countries

1995; Kjær, 2004). Pierre and Peters (2000) argue that there are two ways to think about governance: *Governance as Structure* and *Governance as Process*. According to these scholars, thinking about governance in structural terms has emphasized the impact of structures (such as markets, networks and communities) and institutions in solving the socioeconomic problems of a nation. On the other hand, governance as process centres more on processes and outcomes than formal institutional arrangements. This is because governance, with its encompassing and contextual approach to political behaviour, sometimes is less concerned with institutions that with outcome (Peters & Pierre, 2000). However, Peters and Pierre note that institutional arrangements remain important not least because they determine much of what roles the state can actually play in governance.

As Kjær has pointed out, this broad institutional perspective defines governance as "the setting of rules, the application of rules, and the enforcement of rules" (2004, p. 10). This sort of institutional perspective also informs the World Bank Report, *Can Africa Claim the 21st Century?*, which refers to governance as "the institutional capacity of public organizations to provide the public and other good demanded by a country's citizens or their representatives in an effective, transparent, impartial, and accountable manner, subject to resource constraints" (World Bank, 2000, p. 48).

On the other hand, *good governance* is a more confusing phrase as it is hard to tell *what is good* and *what is bad*, and in *what perspective* this is so. Kjær (2004) argues that good governance was introduced on the development agenda by the World Bank because it needed to explain why a number of countries had failed to develop, despite the fact that they had adopted SAPs. To the World Bank and the IMF, the answer was *bad governance*, understood as self-serving public officials and corruption in the public service. According to the World Bank (1989), good governance means an increased transparency and accountability in the public sector.

Ngware (1999) draws from all of these definitions to explain good governance as the practicing of democratic values, administrative and political accountability, transparent decision-making mechanisms, transparent and incorrupt administration, and respect for the rule of law with the holders of public office being accessible to the people regardless of the latter's gender, class, ethnicity, income status, education or position in society. To Ngware, good governance assures that corruption is minimized, the views of minorities are taken into account and the voices of the most vulnerable in society are heard in the course of decision making and implementation.

However, the World Bank's model of good governance has faced criticism from developing countries as being exclusively derived from the Anglo-American states (see also Kjær, 2004). It appears that instead of developing nations being accountable and responsible to their citizens through their elected parliaments, the governments' responsibility lies towards the donor countries or organizations, a practice label *outward accountability*.

In the context of this study, good governance means the existence of effective institutions of governance which are capable of managing a community's resources and affairs in a manner that is open, transparent and accountable, with respect for the rule of law. It means a system that is equitable and responsive to local people's needs. Therefore, while governance and good governance have been defined in a variety of ways with no absolute consensus among scholars, there is a certain common ground which forms the core. In short, that is, "government should be *owned* by citizens at large and be *efficient* and *effective* in meeting the economic, social and political needs of the society" (Mgonja, 2006, p. xi).

## Good Governance Initiatives in Tanzania

Though situated in a politically explosive region of the African continent, Tanzania has so far managed to sustain a certain level of political stability, peace and liberty. Since its independence in 1961, Tanzania has witnessed a peaceful transfer of political power involving four presidents. As Mhina (2000) has also observed, Tanzania's experimentation with both socialism and capitalism provides a very unique experience in Africa. Tanzania has also managed to introduce extensive reform programs as remedial measures for the economic crisis of the late 1970s and the 1980s. The overall purpose of these reform programs was to support the attainment of a high rate of economic growth, as well as good governance to ensure that delivery of quality services within the priority sectors conforms to public expectations for value, satisfaction and relevance (Mgonja, 2005; 2006).In general, good governance has been SSA's main development strategy since the early 1990s, and the progress that has been made throughout the developing countries has been enormous. In direct contrast to the philosophy behind the SAPs in the 1980s, both the World Bank and the IMF now recognize that the responsibility for governance issues lies first and foremost with national authorities.

In Tanzania, the government has summarized its own governance policy in the National Framework on Good Governance of 1999. This framework emphasizes that good governance is critical to the success of Tanzania's wider development strategy, and employs such tactics as shifting management responsibilities and production from the state to the private sector; the devolution of power and resources from the central government to local authorities; re-organizing ministries and other government agencies to make them more efficient and effective; and attacking financial malpractice such as corruption and fraud in the public sector (United Republic of Tanzania, 1999a). More specifically, this national framework addresses the following reform initiatives:

- Public Finance Management Reform, as one of the necessary components of good governance.
- Civil Service Reform, as an important element of good governance, especially with regard to civil service pay.
- Local Government Reform Program, as a remarkable effort to shift the locus of development-fund control to local levels of governance.
- Legal Sector Reform Program, which seeks to address the glaring gaps in applying the rule of law.
- The development of anti-corruption strategies as an important part of government policy since 1996.

This set of complex and far-reaching reform objectives was made in collaboration with development partners and is expected to have a direct impact on increasing accountability and transparency, reducing opportunities for corruption and recruiting public officials who are accountable, efficient, ethical and professional in fulfilling their roles.

The National Framework on Good Governance states that governance comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences, and exercise their rights and obligations. In other words, governance in a Tanzanian perspective is the framework of rules, institutions and practices that sets limits and provides incentives for individuals, organizations and businesses. More specifically, the National Framework on Good Governance outlines the following benchmarks for good governance in Tanzania:

- A constitution that is adhered to, and which ensures both separation of powers and political stability;
- An efficient and effective legislature;
- Safety and security of persons and property;
- Accountability, transparency and integrity in the management of public affairs;
- The rule of law;
- Electoral democracy;
- Protection of human rights and freedoms;
- Efficiency in the delivery of services by public officials;
- Participation of citizens in political, economic and social decision making;
- An informed and skilled society that is aware of, and ready to legitimately defend, its rights and freedoms and to hold its governors accountable;
- Decentralization and bringing of public services closer to the end-user;
- Empowerment of local councils and communities through devolution of powers and functions, public participation and financial decentralization; and
- Promotion of gender equity and equality.

According to the principles of the National Framework, good governance has three major dimensions: political, economic and administrative/managerial. Within these dimensions, different key players exhibit the virtues assumed to foster good governance in the country. However, the national framework also recognizes the interconnectedness of the key players in governance; that there is no single thing that one player does that does not concern the other players (see Figure 3). Therefore, this Framework defines governance as a *network* and *interaction* of public (governmental) and private (non-governmental) bodies that have a role to play in the formulation and implementation of public policy and the delivery of public services(United Republic of Tanzania, 1999a), an understanding of governance that is also included in the *World Development Report 1997.* In other words, good governance should encourage a wider participation in enhancing the design, supply and delivery of public goods and services through partnerships among governments, businesses and civic organizations (World Bank, 1997).

In 1995, the government of Tanzania appointed a group of experts in consultation with the different stakeholders in the country to formulate a policy document which would serve as a blueprint for the country's development efforts. In 2000, this group came up with the Tanzania Development Vision 2025, a framework which aims to guide Tanzania's development efforts into the 21st century and to achieve a certain level of development by 2025. Vision 2025 takes into account expected changes and trends in the years ahead, with an emphasis on the kind of enabling environment that is essential for the nation to flourish economically, socially, politically and culturally. The need to formulate a new economic and social development vision for Tanzania stemmed from the unsuccessful outcomes of earlier economic reforms, especially those pursued in the 1980s. There are six basic goals set forth by Vision 2025: the establishment of a higher quality of life; peace, tranquillity and national unity; good governance; an educated society imbued with an ambition to develop; and an economy which is competitive with sustained growth for the benefit of all people.

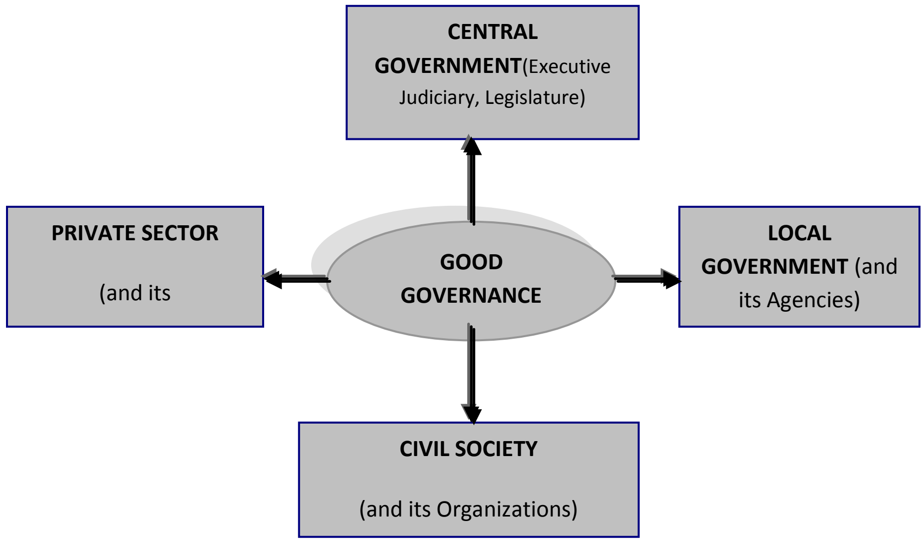



**Figure 3**. Key Players in Good Governance in Tanzania

Vision 2025 spells out two key prerequisites for effective realization of the vision: *good governance* and *competitiveness of the economy*. More specifically Vision 2025 states that:

> Governance must be made an instrument for the promotion and realisation of development, equity, unity and peace buttressed by the rule of law and involving public participation in the war against corruption and other vices in society. Good governance must permeate the modalities of social organization, coordination and interaction for development. This can be achieved by an institutional framework which is capable of mobilizing all the capacities in society and coordinating action for development. Good governance must be cultivated by promoting the culture of accountability and by clearly specifying how incentives are provided for and related to performance and how sanctions are imposed. (United Republic of Tanzania, 2000, pp. 22-23)

Furthermore, in February 2005, the government of Tanzania approved the National Strategy for Growth and Reduction of Poverty (NSGRP; also known as MKUKUTA in Swahili) as a framework for the achievement of growth and reduction of poverty among the population. The NSGRP was informed by the aspirations of Vision 2025. In addition, the NSGRP builds on the Poverty Reduction Strategy Paper (PRSP), the Poverty Reduction Strategy (PRS) Review, the Medium Term Plan for Growth and Poverty Reduction and the Tanzania Mini-Tiger Plan 2020 (TMTP2020), which all emphasize growth momentum in order to fast-track the targets of Vision 2025 (United Republic of Tanzania, 2005). Within the goals of the NSGRP, governance has been included as one of the three major areas of focus, centering on economic structures and processes, such as use of public resources (financial, information and natural resources), management systems and participation in decision making (United Republic of Tanzania, 2005). It is stated in the NSGRP that:

> The National Governance Framework and specific on-going reforms including: Public Service Reform Program (PSRP), Local Government Reform Program (LGRP), Public Financial Management Reform Program (PFMRP), the Legal Sector Reform Program (LSRP) and Financial Sector Reform and sector specific reforms are among the necessary measures aimed at contributing towards good governance outcomes, improved public service delivery, better economic management, positive cultural change and democratic development. (United Republic of Tanzania, 2005, p. 32)

Both NSGRP and Vision 2025 identify poor leadership, weak administration, and a lack of accountability and transparency as key stumbling blocks to Tanzania's development strategies. Furthermore, both NSGRP and Vision 2025 emphasize the importance of improved governance in the areas of economic policies, human rights, well-functioning institutions, political participation and accountability and transparency in implementing all socio-economic activities.

### Governance Issues and Gaps in Tanzania

While Tanzania claims to have maintained" political stability" since independence in 1961, this has not led overall to a higher measure of governance; there is a huge discrepancy between expectations and actual practices. The most significant and persistent gap in governance efforts in Tanzania is the lack of what I call *institutional mechanism*s needed to institute the underlined governance initiatives. For instance, the Arusha Declaration, which outlined the equalitarian principles of socialism, was in use for more than two decades starting in 1967. However, the three "enemies" (poverty, disease and ignorance) that the government had declared war against in the 1960s are still rampant (see also Mallya, 2000). For instance, according to the *Human Development Report 2007/2008*, in 2006 the life expectancy in Tanzania was 51 years, the adult literacy rate (ages 15 and older) was 72.0 per cent and the combined primary, secondary and tertiary gross enrolment ratio was 54.3 per cent.

As Mallya (2000) argues, the "failed" Arusha Declaration has all the objectives of Vision 2025. For instance, the Arusha Declaration emphasizes human-centred development and the need to eradicate poverty, which is also the main agenda of Vision 2025. In other words, the Arusha Declaration aimed at a high quality of life for the population and clearly stated that in order for development to come about, there is need for "good leadership and sound policies", which basically means good governance (see Table 2). While Vision 2025 argues that earlier development policies and strategies such as the Arusha Declaration were not consistent with the principles of a market-led economy and technological growth (United Republic of Tanzania, 1995, p. iii), Isee "nothing new" in Vision 2025 that was not already introduced at least in spirit by the Arusha Declaration. Table 2 summarizes the similarities between the two.

In a similar example, Nyerere emphasized rural development as a strategy to allow local people to actively contribute to their own development (see Nyerere, 1967). The same strategy is used by the World Bank—Community-Driven Development (CDD)—an approach that gives control over planning decisions and investment resources to community groups and local governments. CDD treats poor people as assets and partners in the development process, building on their institutions and resources (World Bank, 2002). In fact, according to the World Bank, CDD is the most effective approach to ensuring participatory decision making and community empowerment (http://lnweb90.worldbank.org/). In other words, the problem with Tanzania's governance system is not a lack of sound development policies, but rather the institutional mechanisms necessary to implement those policies.

### Effective Institutional Mechanism: A Missing Link

In common with many post-development thinkers, I have been asking myself for some time now, *"What is wrong with development initiatives in Africa?"* While this paper does not definitively close any avenues of further research, many of the institutional challenges and shortcomings discussed herein raise questions regarding the mode of governance used by the Tanzanian government and its development partners to eradicate systemic poverty in the country. Based on the analysis of this paper, there is a clear indication that the role to be played by institutions deemed necessary for the achievement of local development goals and good governance in Tanzania has become dramatically oversimplified if not completely forgotten.

Generally speaking, I think it is important to point out that one of the more practical ways of understanding the problems of the local governance system in Tanzania, as it is for many other Sub-Saharan African countries, is through new institutionalism. Central to new institutional perspectives is that institutions matter for political outcomes and that the quality of institutions is an important determinant of a well-functioning system of governance (see also World Trade Organization, 2004). As such, Tanzania's development outcomes (good governance and reduction of systemic poverty) are greatly influenced by the country's institutions of governance. I agree with Transparency International (2009) that when essential institutions of governance are weak or non-existent, corruption spirals out of control and the plundering of public resources feeds insecurity and impunity.

From the empirical evidence discussed in this paper, the discourse on engendering good governance in Tanzania (from the post-colonial socialist system to the present capitalist system) has relied almost exclusively on policy change while neglecting the institutional aspects that give meaning to those outcomes. It is this non-institutional thinking in governance that has led to a multiplicity of "unnecessary" policies and programs in Tanzania, akin to other African countries. As Sally Matthews has stated, "Africa has been subjected to development initiative after development initiative, and yet it remains impoverished . . ." (2004, p. 377). Accordingly, frequent changes of rules, policies, and programs in the governance system in Tanzania not only create disharmonious interfaces between the key actors and the implementation of programs, but also hinder the decision-making process in the action area.

While I believe that effective institutional mechanisms are necessary to realize good governance, the Tanzanian experience raises several questions about this arrangement. For instance, during the post-colonial Nyerere era, Tanzania had what I would call "very sound policies" of socialism and self-reliance, as stipulated in

**Table 2**. Comparison between the Arusha Declaration 1967 and Vision 2025

| **Arusha Declaration, 1967(Socialism-driven)** | **Tanzania Development Vision, 2025 (Capitalism-driven)** |
|---|---|
| • To see that the Government mobilizes all the resources of this country towards the elimination of poverty, ignorance and disease.<br>• To see that wherever possible the Government itself directly participates in the economic development of this country.<br>• To see that the Government actively assists in the formation and maintenance of co-operative organizations.<br>• To see that the Government exercises effective control over the principal means of production and pursues policies which facilitate the way to collective ownership of the resources. | • **High quality livelihood** - A nation's development should be people-centred, based on sustainable and shared growth and be free from abject poverty. For Tanzania, this development means that the creation of wealth and its distribution in society must be equitable and free from inequalities and all forms of social and political relations which inhibit empowerment and effective democratic and popular participation of social groups (men and women, boys and girls, the young and old and the able-bodied and disabled persons) in society. |
| • To consolidate and maintain the independence of this country and the freedom of its people.<br>• To see that the Government gives equal opportunity to all men and women irrespective of race, religion or status.<br>• To safeguard the inherent dignity of the individual in accordance with the Universal Declaration of Human Rights.<br>• To see that the Government co-operates with other states in Africa in bringing about African unity.<br>• To see that Government works tirelessly towards world peace and security through the United Nations Organization.<br>• To co-operate with all political parties in Africa engaged in the liberation of all Africa. | • **Peace, stability and unity** - A nation should enjoy peace, political stability, national unity and social cohesion in an environment of democracy and political and social tolerance. |
| • To see that the Government exercises effective control over the principal means of production and pursues policies which facilitate the way to collective ownership of the resources of this country.<br>• To ensure that this country shall be governed by a democratic socialist government of the people;<br>• To see that the Government eradicates all types of exploitation, intimidation, discrimination, bribery and corruption. | • **Good governance** - Tanzania cherishes good governance and the rule of law in the process of creating wealth and sharing benefits in society and seeks to ensure that its people are empowered with the capacity to make their leaders and public servants accountable. By 2025, good governance should have permeated the national socio-economic structure thereby ensuring a culture of accountability, rewarding good performance and effectively curbing corruption and other vices in society. |

**Continuation of Table 2**

| | |
|---|---|
| • Education for Self-reliance. | • **A well-educated and learning society** - Tanzania envisages to be a nation whose people are ingrained with a developmental mindset and competitive spirit. These attributes are driven by education and knowledge and are critical in enabling the nation to effectively utilize knowledge in mobilizing domestic resources for assuring the provision of people's basic needs and for attaining competitiveness in the regional and global economy. |
| • To see that the Government gives equal opportunity to all men and women irrespective of race, religion or status.<br>• To see that the Government exercises effective control over the principal means of production and pursues policies which facilitate the way to collective ownership of the resources of this country. | • **A competitive economy capable of producing sustainable growth and shared benefits** - Tanzania should have created a strong, diversified, resilient and competitive economy which can effectively cope with the challenges of development and which can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy. |

the Arusha Declaration. However, the institutional mechanisms available were very weak and unable to implement these policies. As Holtom (2005) has pointed out, Tanzania was a one-party state and its bureaucracy remained very weak. As such, power was centralized, and the bureaucracy did not emerge as a powerful independent actor. Moreover, Hyden (1980) argues, the rural development policies in Tanzania after the Arusha Declaration gave government officials opportunity to dispense a wide variety of goods and services to only those peasants who supported the party policies. Kelsall and Mmuya (2005) have noted further that even civil societies were neutralized through the ruling political system. I would therefore argue that post-colonial Tanzania failed to be developmental or progressive not because it lacked sound policies, as for instance the IMF and the World Bank have argued. I personally believe some of these policies are still valid even today.The problem was rather the lack of effective or even adequate mechanisms for implementation.

On the other hand, the World Bank and the IMF, who saw Nyerere's socialist policies as failures, came up with an agenda for *policy change*, which consisted primarily of the structural adjustment policies (SAPs) of the early 1980s. As discussed earlier in this paper, SAPs involved minimizing the role of government through privatizing state-owned enterprises and eliminating government regulations and interventions in the economy. Nonetheless, these policies lacked internal institutional support and had unequivocally failed by the late 1980s. To rectify these failures, the World Bank came up with more participatory approaches to development, namely a new, dual-pronged policy proposal: governance on the one hand and the poverty reduction strategy papers (PRSPs)[8] on the other. Many of the countries in SSA adopted these approaches, and in partnership with donor organizations and countries, they formulated new programs to implement them. In other words, this new paradigm of development seemingly allows developing countries to put forward their own comprehensive plans to foster good governance and poverty reduction (Cheru, 2006). However, here comes a central question: Were (are) there adequate institutional mechanisms in place for these programs to succeed?

As discussed in this paper, the National Framework on Good Governance (1999) in Tanzania was led primarily by the United Nations Development Programs (UNDP) and there is clear evidence that it was undertaken more to make development partners happy than to meet Tanzania's own development priorities. While this National Framework outlines the important components of the key reforms, it has not made much of an impact since its launch in 1999. For instance, on coming to power in November 1995, former President Benjamin Mkapa appointed a commission led by former Prime Minister and First Vice-President of Tanzania, Judge Joseph Warioba, to assess the laws, regulations, procedures and modes of operation in the government and parastatal sectors, and to suggest ways of plugging loopholes and curbing the increase in corruption in the country. In 1996, the commission produced the highly regarded "Warioba report", which served as an inventory of corruption in Tanzania.

According to the Warioba report, corruption in Tanzania was systemic and fuelled by the weakness of state

[8] Note that this paper focuses only on governance and not poverty reduction strategy papers (PRSPs).

organs like the government offices, police, anticorruption bureau, and state security service. The report states that the police force ranks first in terms of level of corruption, adding that corruption was deep-rooted through the entire hierarchy of the force at the time of publication. The report also indicated that in all courts, from the primary court to the highest in the country, magistrates and judges were riddled with corruption. According to the report, judgments were written in the streets and in advance, without even giving a hearing to the disputing parties. The Warioba report recommended that the government start the fight against corruption by cleaning out top leadership ranks and keeping only good leaders who believe in and respect ethical standards. Furthermore, this report recommended that corrupt officials be severely punished by nationalizing and forfeiting their property in accordance with the law. However, the high standards of the Warioba report posed a major challenge for President Mkapa—after all, he had to find a way to fight corruption by using the corrupt state institutions themselves (see also Visram, 1997).

Although the report produced detailed evidence of corruption in the country, hardly any of the disciplinary and legal measures suggested were undertaken against those who were implicated in the report. The report also offers practical solutions, but again, most of these were never implemented. Conversely, the report led to the adoption of “new strategies,” including a comprehensive National Anti-Corruption Strategy and Action Plan (NACSAP) and the establishment of the Commission for Ethics to administer and enquire into senior public appointees’ declarations of assets, and make recommendations to the President.[8] Furthermore, this report led to the appointment of a good governance minister[9] who would be responsible for monitoring the overall strategy and implementation of anti-corruption measures in the country. While externally Tanzania has been perceived as a good governance role model for other East African countries, internally corruption was and is still today institutionalized in every sector. In his address to the *Fourth International Investors’ Round Table (IRT) Meeting* in Dares Salaam, President Mkapa said:

> We have persisted in our resolute struggle against corruption, including through rolling out plans to combat corruption; the establishment of anti-corruption bureaus at the district level; and enhanced accountability for resources transferred from the central government to the district level. Tanzania’s efforts in fighting corruption are starting to win international recognition (November 23, 2004).

While President Mkapa assumed power with a high-profile drive against corruption and financial malpractice, corruption remained the major challenge of his presidency. The Controller and Auditor General’s report has estimated that no less than 20 per cent of the government budget is lost annually to corruption, theft and fraud (United Republic of Tanzania, 2008, p. 146).

Following in the footsteps of his predecessor, when the current President Jakaya Kikwete came to power in December 2005, he renewed the country’s commitment to fighting corruption at all levels of government. However, the integrity of his government and its commitment to the issue has been seriously questioned throughout his tenure in office. This is due to the extent of petty corruption within the country and also grand corruption scandals involving ministers and leading members of his ruling party. As a whole, these scandals lessened public confidence in the governance framework and the government’s overall commitment to effectively tackle corruption. According to Research and Education for Democracy in Tanzania (REDET) of the University of Dar es Salaam, the level of public dissatisfaction with President Kikwete’s government just in his first two-and-a-half years in power was much higher than during his predecessor, Benjamin Mkapa’s, 10-year reign. The report indicates that, whereas during the Mkapa administration from 1995 to 2005 there were between 18 and 25 public complaints over lack of accountability by government officials, under President Kikwete, this had risen to 34 (REDET, 2006). A good example is on September 9, 2009 where a number of citizens from across the country shared their concerns with President Kikwete on the integrity of his government in dealing with ongoing grand corruption scandals.[10]

## CONCLUSION

Drawing on the discussions and analysis of this paper, I have come to the conclusion that when the system of governance is malfunctioning, something must be wrong with its institutional mechanisms. Simply stated, Tanzania (and other countries in SSA) can achieve significant development by beginning with institutions rather than policy outcomes. By devising good governing institutions,

[8] Note that, having been elected on an anti-corruption platform and having promised action, within one year of taking power, President Mkapa had declared his own and his wife’s assets publically. But with the exception of his prime minister and vice-president, no other leader has followed suit and the people had been left wondering if the war against corruption is running out of steam (see Visram, 1997). To his credit, President Mkapa left power in 2005 without declaring any asset he earned since he assumed office in October 1995.

[9] This ministry is pure “hypnosis”, designed to convince people that good governance exists. In reality, the ministry has not done anything to improve conditions.

[10] President Kikwete was responding to questions from citizens live on the Tanzania Broadcasting Corporation (TBC).

policy successes and other development programs can be encouraged through citizens and officials learning to work well with those institutions. Notwithstanding, the purpose of this paper is not to suggest that any specific institutional mechanism would provide tangible political outcomes, but rather that, in broad terms, properly instituted, effective institutional mechanisms eventually contribute to capable states, engaged civil societies and improved accountability and transparency at all levels of governance. Based on this perspective, the new institutional analysis used in this paper can bring a new dimension to policy analysis in Africa by proposing how institutional issues in the governance system can affect the efficiency and effectiveness of local institutions in delivering desirable outcomes—good governance.

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