

Afterword

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The Tanzania Institutional Diagnostic was mostly completed in 2017 and 2018, at a time when it was too early to detect structural changes attributable to the Magufuli administration that had come to power in November 2015. Five years later, at the time of publishing this volume, many changes took place during the last two years of Magufuli's first mandate and during the first year after his re-election, including his unexpected death and his vice president, Samia Suluhu Hassan, succeeding him in March 2021. One could have expected some continuity in this transition from a president to his deputy. The elements of discontinuity one can observe – treatment of COVID, freedom of speech, private sector development, foreign relations including with foreign companies – suggest that, indeed, either she did not agree with everything Magufuli did or she may have learned from experience that some reversals, adaptations, and improvements were necessary. As far as the present study is concerned, it also means that some of the disruptive measures taken by Magufuli might be about to be reversed, so that institutional changes since the core of the present study was completed might be less than could have been expected a few years ago, for instance at the time of the electoral campaign for Magufuli's re-election, when a clear authoritarian drift in Tanzanian institutions was evident.

Under these conditions, the question arises of whether, with more visibility over the recent years, the main conclusions of the Institutional Diagnostic should be revised.

Some institutional aspects of the way both Tanzanian society and its economy function have been subject to change, and have been profusely commented on. Some changes were in the right direction, in the sense that they address or mitigate some institutional weaknesses emphasised in the Diagnostic. This is the case regarding the implementation of new anti-corruption strategies, even

though it is still too early to evaluate what is, or what will be, their actual impact. Some other changes are more debatable but, for them too, it is difficult to identify the effect they are likely to have on development, especially in view of the fact that they may be in the process of being reversed. In what follows, therefore, we only identify the changes or decisions that are the most salient and we ask whether they aggravate or possibly attenuate the institutional weaknesses identified in the Diagnostic.

Referring to the five basic weaknesses that were singled out there, we ask the following question: how would major events, policy, strategies, and reform decisions observed over the last three or four years modify the Diagnostic?

Ill-defined structure of public decision-making was the first weakness. It is difficult to say whether progress has been made about the overlapping of responsibilities, an important point that was underscored in the Diagnostic, without surveying insiders. On the other hand, the ‘centralisation bias’ that was also emphasised has not weakened; indeed, quite the contrary given the numerous presidential interventions on detailed aspects of the functioning of the economy, from the export of cashew nuts to the management of the Dar es Salaam Port Authority, to regulating mining companies and to the formation of agencies taking over some functions of local government authorities such as the Rural Water Supply Agency and Tanzania Rural and Urban Roads Agency. It may also be recalled that the centralisation bias diagnostic was also partly based on the early overruling by Magufuli’s regime of decisions made by the agency supposedly responsible for the regulation of the electricity sector, the EWURA. Finally, the point made in the Diagnostic about the long implementation delays of laws and reforms still seem to apply. No progress has been made on adjusting the land laws and a recent report on decentralisation (Ewald and Mhamba, 2019), meaningfully entitled ‘Recentralization’, similarly suggests there is no noticeable progress in pushing forward the Local Government Reform Programme. However, there are indications that the so-called Samia administration is reviving the operationalisation of National Decentralization Policy and statements are made in support of local economic development such as building industrial parks. However, it is too early to discern the significance of this change.

Concerning *selective distrust of market mechanisms and the private sector*, the numerous statements of President Magufuli against the private sector – including both national and foreign firms operating in Tanzania – lead one to think that this institutional weakness has been aggravated for a while. Nonetheless, this opinion must be nuanced. On the one hand, these presidential critiques and actions were probably not directed to the operations of the private sector *per se* but rather to their consequences in the area of corruption. Reducing corruption, which was the absolute priority of President Magufuli, has entailed not only sacking ministers and top civil servants earning illegal income but also exposing the private firms providing it. Since the

beginning of his mandate, he stated on many occasions that it was that aspect of the behaviour of private firms that he was criticising, certainly not their key role in economic growth, employment, and industrialisation. On the other hand, most indicators referring to the business climate have deteriorated in recent years. Tanzania has dropped 13 places in the World Bank Doing Business global ranking in a few years.¹ Furthermore, its 'regulatory quality' score, which includes business environment, in the Worldwide Governance Indicators significantly worsened between 2013 and 2018, after improving over the previous period.²

Of course, this worsening of the business climate may only reflect the fight against corruption and tax evasion resulting in many private firms being the victims of some harassment by tax people. Business managers at some stage expressed their frustration to the President, who then demoted the Commissioner General of the tax collection agency – the TRA. The President took this opportunity to castigate the approach TRA was adopting to harass businesspeople, which was leading to the closure of some businesses. He thus expressed a wish that the TRA would exert more effort to collect taxes without undue harassment. However, the formation of a task force parallel to TRA to collect tax, which threatened some firms of being charged of money laundering, with no bail, if they did not pay tax as estimated by the task force did not really go in that direction. In addition, attachment of tax obligations to bank accounts became common causing uncertainty to private sector operations.³

On the contrary, some other reforms have been undertaken to improve the business climate, like the easing of administrative procedures and approval of the blueprint for easing the business environment in May 2018 and its implementation from 2019 onwards. They may be seen as a move in the direction of reversing the backsliding trend on the business climate indices and global rankings. Overall, however, the approach Magufuli adopted towards the private sector was perceived as hostile while favouring the public sector institutions to perform functions that were usually performed by the private sector. This bias towards public sector operations was most explicit in sectors such as insurance and construction.

The Samia administration is reversing the negative perceptions on the private sector. She has held meetings with the private sector associations culminating in the meeting of the TNBC three months of her coming into

¹ See the World Bank's *Doing Business* reports, from 2015 to 2019, on the *Business Enabling Environment* website.

² See WGI-Interactive Data Access on WorldBank.org.

³ Relevant for the preceding argument is the fact that the worsening of Tanzania's rank in *Doing Business* is very much influenced by the 'paying tax' and 'trading across borders' component of the overall doing business score.

office, has travelled abroad with private sector delegations, and has accelerated the implementation of the Blueprint. Improvements have been made in registration of businesses, permitting engagement of foreign experts and easing immigration procedures for investors. President Samia's attitude towards the private sector is a reversal of Magufuli's. It is too early to discern the results of the new direction but there are indications that the Samia administration is reversing the negative stance towards trust in markets and the private sector.

The *underperformance of the civil service* was found to be a third institutional weakness. Because this is to a large extent the consequence of a limited availability of skills and resources as well as putting in place performance management systems, changes in this area are necessarily slow. Incentives matter too, however. From that point of view, action was apparently taken to dynamise parts of the civil service and public agencies. At the same time, however, fiscal austerity led the executive to freeze promotion and salaries of civil servants, thus severely reducing their incentives. In addition, the fight against corruption in the public sector, as well as efforts to increase revenues, has led the executive to shake up the TRA several times. This crackdown has also affected other parts of the public sector. However, it is difficult to know whether it addressed the basic functioning of the sector or was limited to sacking managers. New managers were supposedly uncorrupted and expected to undertake efficiency-enhancing reforms. These efforts need to be reinforced by structural and institutional reforms to ensure sustainability, though, while re-establishing incentives throughout the civil service hierarchy, including performance management systems.

The Samia administration has now reversed the ban on promotions and the freeze on salary increments and has made promises about improving incentives for the civil service and about enhancing civil service reforms. In fact, salary increases have been announced to take effect from 1 July 2022. The style of micromanagement into the affairs of civil service has changed to one of greater autonomy. President Samia has instructed the Ministry responsible for civil service to review all regulations, update them, and then make sure they are followed. The tone is that of institutional reform and application of the rule of law. However, it is too early to make a judgement about what will have been the change in the efficiency of the public sector over the last few years. Moreover, the data that are needed to evaluate progress are most often missing.

The last two institutional weaknesses identified in the Diagnostic were *rent-seeking and corruption* and *patronage and weak business regulation*. These have clearly been the top priority of President Magufuli's mandate, based on the personal commitments he made during the 2015 electoral campaign. The rigorous anti-corruption policy that was launched right from the start of the Fifth Phase Government focused on two sides of corruption: on the one hand, civil servants, especially at the top of the scale, and on

the other hand big business. Action was taken against many people in top positions in the public sector, including ministers, top managers, and board members of public agencies who were either suspected or found guilty of corruption. Also, several firms were sued, and their operations suspended for evading taxes, most often with the complicity of top civil servants and influential politicians. Famous cases include a row with the Canadian Acacia mining company, which was accused of under-reporting the gold content of the ore it was exporting and then forbidden to ship it abroad. The company had to cease operations before an agreement, which is more favourable to Tanzania, was found. Another notable regulatory dispute took place with Aliko Dangote, the Nigerian businessman, about a cement factory for which the government wanted to renege on promises made by the previous administration. Here too, the plant was closed for some time until an agreement was reached.

These affairs had a demonstration effect to other investors that is likely to have contributed to worsening the business climate and, as mentioned above, reinforced the feeling that the government has an anti-private sector bias, particularly against foreign companies. In more recent times, President Magufuli had made pronouncements inviting investors including foreign investors to create or expand their businesses in Tanzania. It must also be stressed that the target of government's attacks may not have been the companies themselves but rather the politicians and civil servants covering their illegal operations and benefiting from their largesse. If the objective was officially to make the operations of these companies more transparent, some observers also think that there may have been a political strategy behind it. Indeed, restricting companies' ability to bribe powerful politicians, who are most likely to belong to some faction of the dominant party, could have helped the President to better control that party.⁴ This assertion is given credence by the observation that no action was taken against his close associates who were perceived to be corrupt.

In effect, there is a perception that double standards were applied in the fight against corruption during the Magufuli era, and that corruption may not have declined as much as claimed. On the other hand, corruption accusations may have been used as a way of getting rid of some opponents. Among the many people who were accused of corruption, some of them stayed in custody for one, two, or more years without being taken to court. When President Samia came to office many of these people were released and the Director of Public Prosecution was removed. This signalled the respect of the rule of law. However, the Prevention and Combating of Corruption Bureau, which had been very much strengthened during the Magufuli administration, continued to function as before in the Samia administration. Yet, one point that is

⁴ This argument was made by Dan Paget (2017) on *African Arguments*.

relevant to this study is the emphasis she has placed on institutional capacity building in fighting corruption.

Effectively fighting corruption in a country where it has become a culture, of course, comes with some collateral economic costs, such as antagonising investors and the business community. To be sure, affairs like the Acacia-government row and the hassling of domestic and foreign firms by the tax authority have received widespread coverage by the national and international business media. Yet this reputational cost may be worth incurring if the expected impact of such a strategy on corruption and long-run economic growth is large enough. It is, however, too early to make any judgement on growth. As far as corruption is concerned, it is true that most indicators have improved. Tanzania's rank in Transparency International's 'perception of corruption index' went up from 130 in 2015 to 99 in 2018. Likewise, the Worldwide Governance Indicator for the control of corruption improved somewhat in 2018 as compared to previous years, without the change being enormous either. The same is true of the World Bank Country Policy and Institutional Assessment index for corruption.⁵ It must be realised, however, that those indicators reflect intended policies more than their outcomes, the problem in the case of corruption being that outcomes are extremely difficult to apprehend in the short and medium terms and that it may take a long time before changes in actual behaviour are observed.

Probably the greatest challenge of corruption is political corruption as demonstrated in the general elections of October 2020. That election was marred with a high level of corruption. Magufuli had threatened that corruption within the ruling party would not be tolerated and that any candidate who was discovered of engaging in corruption would be dropped from the race. In reality, it is believed that the level of corruption turned out to be higher than in previous instances. This reveals two further challenges. First, it is unlikely that such a magnitude of corruption could have been possible without candidates themselves making use of huge amounts of corrupt money. Second, as the pool of political leaders is selected from that group, the commitment of political leadership to the fight against corruption is seriously challenged. The ruling party won all parliamentary seats except a couple. Opposition parties cried foul, but their voices did not make a difference. Usually those who are dissatisfied with the results are allowed to petition. This time there were no election petitions, a sign of loss of confidence in the objectivity of 2020 General Elections under President Magufuli's watch as well as a sign of loss of people's trust in the impartiality of the judiciary.

In summary, the fight against corruption by both subsequent administrations is without a doubt addressing one of the major institutional weaknesses of Tanzania. This represents a major change compared to preceding

⁵ See, respectively: Corruption Perception Indexes on *Transparency International*, the WGI-Interactive Data Access on [WorldBank.org](https://data.worldbank.org), and the World Development Indicators on [WorldBank.org](https://data.worldbank.org).

administrations. Nevertheless, some time will be needed to ascertain whether this really modifies the institutional diagnostic conducted in the present study. Experiences in other countries suggest that beating corruption takes a long time and undiminishing efforts accompanied by institutional reforms. In this regard, corruption is likely to still remain a pertinent problem in Tanzania for some time.

Putting things together, it seems that, although positive from several points of view, the action led by the two subsequent administrations (Magufuli and Samia) over the last three or four years has not modified the basic institutional weaknesses identified in the Diagnostic. There is an improvement in some areas, but there are signs of deterioration and possibly new weaknesses in others. This is the case of *transparency and accountability*, the two general principles of action recommended in the Diagnostic to help improve other institutions. The kind of departure from these principles seems to have changed, but the overall goal is still distant. While the Diagnostic found there was 'some transparency with little accountability' in previous administrations, the last three years during the Magufuli administration seem to point rather to greater accountability with less transparency. Formerly, many cases of misconduct were detected without much action being taken. In comparison, fewer cases have been exposed recently but action has been taken, that is, accountability is now upheld without delay. Overall, however, the transparency of the government in relation to its citizens seems to have been reduced, in some cases threatening the sense of democracy that has characterised Tanzanian society ever since independence, a quality that the Diagnostic considered, albeit perhaps not explicitly enough, as a major institutional strength.

Deliberate opacity of policies and outcomes, infringement on individual freedom, and rising authoritarianism during the Magufuli era were largely underscored and commented in the international press, whereas the national media found it increasingly difficult to raise these issues domestically. The list is long of events and decisions that contribute to this judgement. A few examples will suffice here.

The amendment to the Statistics Act tabled in Parliament in September 2018 that made it a criminal offence to publish statistics both 'to disseminate or otherwise communicate to the public any statistical information which is intended to invalidate, distort or discredit official statistics released by the National Bureau of Statistics without authorisation'. This is one example of the opacity the government attempted to impose on the debate on policies and policy outcomes. To be sure, this decision was reversed in 2019 after bowing to pressure from the World Bank. Even so, however, the Statistics Act of 2018 restricted the debate on policy, in a direction opposite to the 'evaluation culture' recommended in the Diagnostic. It also cast doubt on the accuracy of published statistics, a doubt that was apparently shared by the World Bank, which estimates 2018 GDP growth has been noticeably

lower than officially announced (World Bank Group, 2019, 11). In this vein, the vetoing by the government of the publication of the IMF Article IV statutory 2019 report, which suggested growth was slower than reported and was also critical of some of the government's policies, inspired the same doubts. Because of such issues, it is hard to be convinced that efforts were truly being made under Magufuli towards more transparency and accountability in the economic policy sphere.

Beyond economics, several events and government decisions by the Magufuli administration, which also pertain to transparency, have led several international NGOs of repute to raise some concern about the treatment of human rights in Tanzania. It is not the place here to go into any detail on issues that are largely outside the scope of the Diagnostic. Yet the fact that an NGO like Human Rights Watch expressed concerns about the freedom of expression and the freedom of assembly in Tanzania, or that 30 civil society organisations called the attention of the United Nations Human Rights Councils to their perception that 'the space for human rights defenders (HRDs), civil society, journalists, bloggers, the media, LGBTI persons, and opposition and dissenting voices' was 'shrinking' are to be underscored.⁶ Also, a bilateral donor like the EU temporarily recalling its ambassador in November 2018 or suspending some aid programmes a little later, in both cases due to human right concerns, is not to be taken lightly, even though the crisis was quickly resolved.⁷

Since she assumed power in March 2021, the Samia administration seems to have reversed these trends of erosion of transparency and the treatment of human rights in Tanzania. Freedom of the press and other media has been restored and the threats to democracy have been mitigated.

In summary, the conclusion of this brief review of the way accounting for the recent past might lead to a revision of the Diagnostic is threefold. First, among the institutional weaknesses identified in the Diagnostic, progress may have been achieved on the corruption front, although it will probably take time before evidence of a real improvement is available. In this respect, it is fair to say that the resurgence of political corruption at the time of the 2020 presidential election is not a positive signal. There is no reason to modify the Diagnostic on other weaknesses, as President Samia seems to be decided to correct the most unfavourable institutional changes introduced by her predecessor.

The second conclusion is that a new weakness may have appeared. Unlike as was recommended in the conclusion of the Diagnostic, it seems the Magufuli administration was moving away from the pursuit of transparency

⁶ See the Human Rights Watch Report 2019 (Human Rights Watch, 2019) or the letter to the UN HRC (Human Rights Watch, 2020).

⁷ See press news from Niba (2018) on *RFI* and Baynes (2018) on *The Independent*.

in many ways. Such an attitude might have been part of a political strategy meant to ensure more authority rests with the President, possibly to win the anti-corruption battle. Most developing countries need 'strong' heads of state to push collective development rather than letting private interest rule. However, getting too strong without corresponding strong institutions may be dangerous if it means policymaking becomes less and less transparent. Besides mounting political discontent, the risk is that no countervailing opinion and correcting force would then prevent the country from heading in a wrong direction. This trend is being reversed in the Samia administration which is apparently restoring transparency and democracy. However, the ease with which this is being done is reinforcing the point made in the Diagnostic of weak institutions.

This is our third conclusion, namely the institutional weakness revealed by the flexibility of Tanzanian institutions depending on the president. There is a fundamental flaw in political institutions that permit the excesses observed during the Magufuli era to take place and eventually to be corrected by the next administration. What was stated as a joke by Nyerere that the Tanzanian constitution allowed him to rule as a dictator is in fact true. The constitution does not protect against a President who would strongly deviate from democratic principles.

A possible explanation of the Magufuli's authoritarian shift was his need to take full control of the various factions within the CCM ruling party in order to launch his anti-corruption strategy. This initial fragmentation of the ruling party into distinct groups of interest was a key feature of the political economy of Tanzania before Magufuli, and a potential obstacle to the adoption of some development-friendly reforms. He apparently succeeded in controlling them, as shown by the results of the 2020 general election. There is full uncertainty about what would have happened next: would he have moved back to a less authoritarian leadership or not? Samia's leadership of the CCM so far has shown two types of changes. First, she appointed new leaders in the Secretary General and Vice-chairman positions. Second, she has demoted or removed from their positions leaders who were identified as aspirant for presidency in 2025, which implicitly means that she does not have her hands free from CCM factions.

The Magufuli era may have been a kind of parenthesis in the political history of Tanzania, during which a disruptive president attempted to impose a tough anti-corruption strategy, seen as essentially advantageous for development, which required exerting authoritarian power over various political factions. However, the negative attitude towards the private sector was not favourable to long-term private investment that is crucial for development. Such a state of affairs had been unseen in Tanzania over the last 30 years, and maybe since independence, and certainly was a major change over preceding administrations. President Samia took over, reverted to a more democratic and

decentralised rule, but is now probably facing re-built factions within the ruling party which aspire to power in the next general election, and may represent obstacles to the conduct of policy by the new administration.

Even though there is some continuity with the previous administration, it cannot be discarded that the situation is back to what it was under Magufuli's predecessor. All in all, there is no evidence of need or reason to change our diagnostic.