

# Informal Governance and Corruption – Transcending the Principal Agent and Collective Action Paradigms

Dismantling networks of corruption: challenges and  
opportunities in reforming informal governance in Tanzania

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# Acronyms

ASP	Afro-Shirazi Party
AU	African Union
CC	Central Committee
CCM	Chama Cha Mapinduzi
CSOs	Civil Society Organizations
MP	Member of parliament
NEC	National Executive Committee
OIC	Organization of Islamic Cooperation
SAPs	Structural Adjustment Programmes
SEC	Security and Ethics Committee
TANU	Tanganyika African National Union
UDSM	University of Dar es Salaam

# 1 Introduction

## 1.1 Informal Governance and Corruption: Rationale and project background

The lack of effectiveness of conventional anti-corruption interventions has been convincingly documented (Mungiu-Pippidi 2011) and is reflected in the so-called implementation gap, whereby countries that have adopted the legal and organizational reforms associated with anti-corruption best practices continue to experience very high levels of corruption. This situation appears to be linked to a lack of empirical support for the assumption that corruption is a consequence of weaknesses arising in the context of a principal-agent model of accountability, which presumes the existence of “principled principals” capable of and willing to enforce the anti-corruption reforms. In response, scholars have sought to re-frame endemic corruption as indicative of an underlying collective action problem (Persson, Rothstein, and Teorell 2013, Mungiu-Pippidi 2013). A problem so far with this latter approach is that, while it can describe why in some contexts corruption has been extremely hard to eradicate, it has not delivered clear recommendations on how anti-corruption practitioners might do things differently. We argue that bringing in the importance and impact of informal practices into the debate helps to overcome the limitations of the principal-agent and collective action approaches towards delivering insights that are useful for purposes of policy making.

This report is part of a research project funded by the Anti-Corruption Evidence (ACE) Programme of the UK’s Department for International Development (DfID) and the British Academy. The project has identified informal practices in selected countries in order to establish their general and specific features in comparative analysis; assess their impact based on the functions they perform in their respective economies and indicate the extent to which they fuel corruption and stifle anticorruption policies. The comparative research design involves seven countries from two geopolitical groups East Africa and Post-Soviet countries as follows:

- East Africa: Kenya, Rwanda, Tanzania, and Uganda
- Post-Soviet countries: Georgia, Kazakhstan, Kyrgyzstan and Russia

The goal of the research is to produce evidence for the relevance of informality in support of the ‘localisation’ of anticorruption strategies and promoting the development of a new generation of policies that may harness the transformative potential of local patterns of informality.

## 1.2 Conceptual approach and methods

The conceptual approach is grounded on the work of Baez-Camargo and Ledeneva (2017) and identifies three key patterns of informal governance – namely co-optation, control, and camouflage.

- Co-optation is associated with recruitment into groups or networks. Co-optation is often associated to corruption because it represents a mechanism to regulate access to rent seeking opportunities and typically involves an informal redistribution of public resources. Among political elites, it is often expressed in the form of strategic appointments of allies and potential opponents, who are thereby granted impunity in exploiting the power and resources associated to public office in exchange of mobilizing support and maintaining loyalty to the regime.
- Control mechanisms are instrumental to manage clashes of hidden interests and enforce discipline within networks. Examples of informal control mechanisms include the discretionary enforcement

of anti-corruption legislation against dissidents and peer pressure through rules of loyalty and reciprocity that tie network members together by creating obligations and responsibilities vis-à-vis the group.

- Camouflage refers to the manner in which informal transactions take place behind an institutional façade of democracy and commitment to the rule of law. This means that, in contexts with high prevalence of informal practices, formal rules are often manipulated, undercut, diverted, or exploited for the sake of informal interests.

The qualitative research was conducted in three regions in Tanzania, namely, Dar es Salaam, Mwanza and Arusha between 2016 and 2017. In these regions, in-depth interviews were conducted with a wide range of stakeholders. The research also relied on a discourse analysis of relevant materials such as published and unpublished research, print and online media reports that documented informal practices and networks in Tanzania. Particular emphasis was placed on the election cycle; as will be shown, elections comprise a magnifying glass through which practices of informality become particularly visible, with the period leading up to elections, the elections themselves and the period after the elections frequently being periods of intense resort to the practices of informal governance.

### 1.3 Informality and informal networks in Tanzania

In spite of possessing a relatively robust legal framework in the areas of anticorruption, procurement, and anti-money laundering, persistently high levels of corruption have affected Tanzania for decades. This report focuses on the informal practices that are associated with corruption, recognising that informality dominates almost every sphere of life in Tanzania, permeating social, political, economic and cultural organisations at the local and national level. However, as shall be argued, one should not therefore underestimate the role played by formal rules and laws. In fact, governance outcomes hinge upon the manner in which formal and informal rules interact and impact behaviours.

Formal governance can be undermined but also exercised through informal practices. A good example of this refers to recruitment processes in both the public and private sectors, where social ties play a prominent role: “It matters who knows you” (*nani anakujua*) is a common expression alluding to the salience of informal social networks in determining access to job opportunities. This is also the essence of *kujipendekeza* (trying to look nice or befriending someone with an ulterior motive), a term that speaks of the importance of instrumentally building one’s personal networks in order to access resources and opportunities. Indeed, people routinely rely on their informal networks to “get things done” and to gain an upper hand over anyone playing by the rules, be it to compete for employment opportunities or to bid for substantive government contracts.

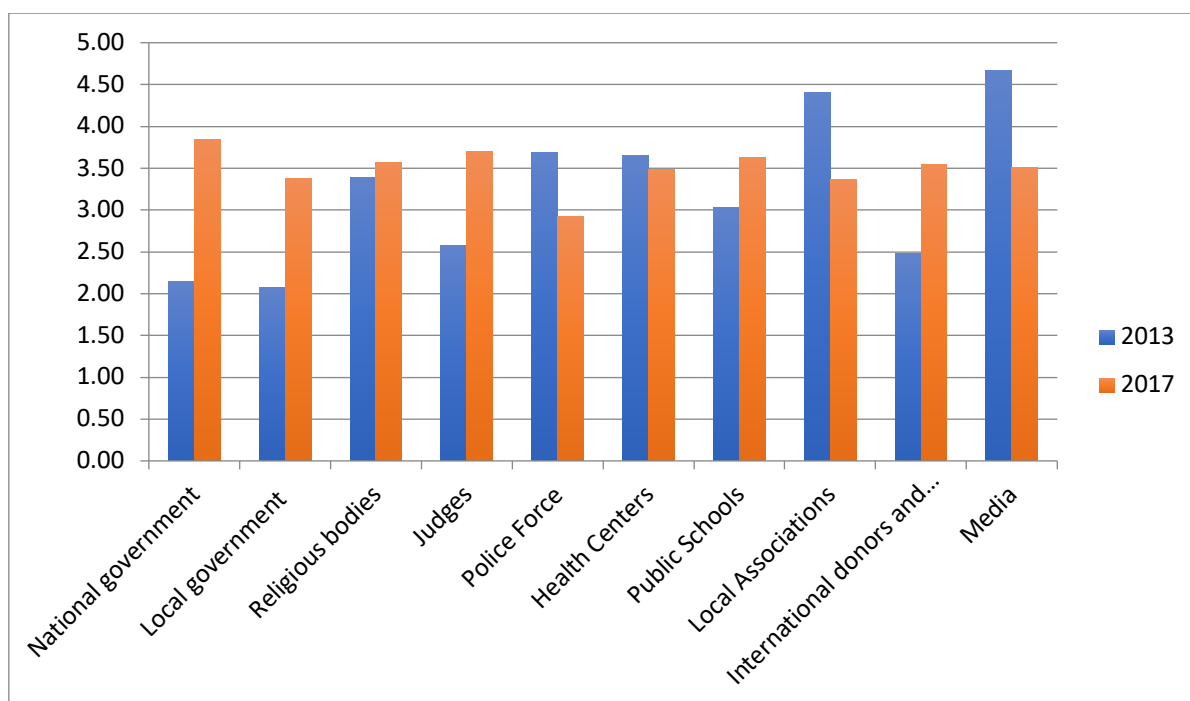
In another research project, we have studied the manner in which informal practices of social networks at the grassroots level are associated to the prevalence of high levels of petty corruption in the delivery of public services in Tanzania. The findings from that research indicate how individuals rely on their social networks to solve problems, pool resources and to expedite what are otherwise typically challenging interactions with the public sector. Thus, whether it concerns enrolling one’s children in school, processing a driver’s licence or seeking health treatment, the practice of building and harnessing social networks in the exchange of favours results in widespread bribery and favouritism in the delivery of public services (Baez Camargo et al. 2017; see also Baez Camargo and Koechlin 2018 for a regional perspective).

This report focuses on the macro level, assessing the informal mechanisms through which the ruling Chama Cha Mapinduzi (CCM) party has built and successfully maintained a monopoly on political power in Tanzania since its independence. It particularly focuses on describing an informal governance

regime in which networks of elites (referred to locally as *Mitandao*) have contended for power within the CCM. The report confirms that practices among the *Mitandao* align with the informal patterns of co-optation, control and camouflage described above. These practices have been fuelled to a large extent by the imperatives of contending for elections and ensuring elite cohesion and political stability.

However, the evidence also indicates that significant change may be underway in the realm of anti-corruption in Tanzania. This is the result of measures undertaken since President John Magufuli came to power in 2015, which have included reforms of the public sector and of the CCM as well as a strong stance against corrupt public officials. Recent data from Twaweza’s flagship *Sauti za Wananchi* survey (a nationally-representative, high-frequency mobile phone panel survey for Mainland Tanzania) confirms that corruption is declining across all sectors compared to the situation in 2014<sup>1</sup>. Furthermore, our research has also suggested that levels of trust in the government, at both the national and sub-national levels, has improved among citizens in Dar es Salaam under the current government (See Figure 1).

Figure 1: Trust in institutions 2013/2017 (Dar es Salaam)  
(Likert scale 0= no trust 5=complete trust)



Source: Baez Camargo et. al. 2017.

Looking through the lens of informality, these positive developments are linked to a political leadership that enjoys a significant degree of ‘independence’ from the previously dominating networks. This is in line with findings from countries such as Georgia and Rwanda that have achieved considerable success in anti-corruption outcomes (Baez Camargo and Gatwa, 2018; Kupatadze 2018). The findings further indicate that informal practices of co-optation and control can be potentially mobilised around integrity

<sup>1</sup> According to Twaweza (2017: 5) six in ten citizens (60%) say corruption is “very common” in the police – more than for any other institution or sector. However, this has declined considerably compared to 2014, when 89% said the same. In all sectors where there are comparable numbers available, citizens perceive corruption to be less prevalent than they did in 2014. This applies particularly to political parties and elections (down from 85% saying “very corrupt” to 48%), the land sector (65% to 35%), Tanzania Revenue Authority and other tax services (70% to 26%), healthcare (62% to 26%) and education (42% to 10%).

and nation-building, where the leadership ensures that those are the values that are rewarded across the public sector.

The report is organised as follows: Section 2 presents a historical account of the formation and evolution of informal networks within the CCM leading up to the latest presidential election. Section 3 presents an analysis of the drivers of informal governance that shaped the emergence of a regime dominated by the pursuit of the particularistic interests of powerful networks of political and business elites. Section 4 links up the informal governance practices to the incidence of high levels of corruption and discusses the central role played historically by the president in managing informal interests. Section 5 discusses the events under the current administration of John Magufuli that suggest his intention to preside over substantial anti-corruption reforms in Tanzania. Section 6 provides final reflections on the implications of the study.

## 2 From ideology to instrumentality: the development of network-based governance in Tanzania

After independence, the government of Julius Kambarage Nyerere faced the formidable challenge of constructing effective governance mechanisms to extend power and authority across the country and to promote development. President Nyerere resorted to centralising power, limiting political participation and adopting a strong ideological stance that advocated for a development model of African socialism known as Ujamaa. Indeed, the Arusha Declaration of 1967 advocated socialism and self-reliance, involving a rapid expansion of the role of the state in the economy including the nationalisation of industry, the collectivisation of agricultural production and a centralised distribution of goods and services (Helman and Ndumbaro 2002).

In the pursuit of those goals, and to prevent social and political upheavals, the Nyerere years witnessed the construction of a highly centralized hegemonic party regime. Since the outset the government restricted political activity to two ruling parties, the Tanganyika African National Union (TANU) of Tanganyika and the Afro-Shirazi Party (ASP) of Zanzibar, which were merged in 1977 to form the CCM. Control over national policy making was concentrated in the ruling party's National Executive Committee (NEC) at the expense of the legislature and civil service. The closeness between hegemonic party and the nascent state institutions was obvious at the helm, where the President also acted as chairman of the party, and was also palpable all the way down to the local level where, for instance, the role of government regional commissioners was amalgamated with the role of party regional commissioners. The socialist economic model involving strong state intervention further reinforced the convergence of power relations around the state and the party.

The political dominance of the CCM was consolidated through the incorporation of major social groups into the party with the creation of corporatist-like structures such as the Union for Tanzanian Workers, the Cooperative Union of Tanzania, the Tanzanian Youth Organisation and the Union of Tanzanian Women. Such groups and their leaders were co-opted into the party, lured by the possibility of



acceding to benefits and positions in the public sector and the military. Thousands of party cells were created across the country, charged with co-opting and mobilising bases of support at the grassroots level. In addition, the regime's programme of compulsory collectivisation, which enshrined communal agricultural work as a centrepiece of the Ujamaa development model, effectively linked subsistence-based rural populations to the party.

Notably, these early vertical networks were already managed in terms of practices of informal co-optation and control. During the abolition of traditional chiefdoms, for example, chiefs who complied with the directives coming from the centre were rewarded, as was the case of Chief Adam Sapi Mkwawa, who was made the first speaker of the National Assembly. In a more general sense, the ruling party developed a system of elite recruitment and retention based on semi-competitive elections to parliament where aspiring candidates were vetted to ensure loyalty to the party (Morse, 2014: 659-60). The process of co-optation into the CCM ranks was facilitated by the absence of real opportunities outside the party and therefore, as Anyimadu (2016: 7) noted, the party succeeded in "the establishment of a strong network of influence [...] embedded down to the grassroots level across the country".

Informal control was also exercised during this time to purge the party from dissenters and establish the three pillars consisting of Nyerere, the CCM and the Ujamaa ideology as the undisputed symbols of power and authority in Tanzania. Thus, Chiefs that refused to comply with the centre were imprisoned in Mafia Island. Another example of informal control was that of the Second President of Zanzibar and Vice of President of Tanzania, Aboud Jumbe, who lost his position and was imprisoned at his home in Dar es Salaam after challenging the union structure of Tanzania (The Guardian Reporter, 16 August 2016).<sup>2</sup> Informal control actions were also taken against individuals, such as Oscar Kambona, Joseph Kaselabantu, Eli Anangisy, Wilfram and Dr. Fortunatus Masha, who opposed the *Ujamaa* ideology. In 1968 these individuals were expelled from TANU, thereby effectively ending their possibilities to pursue a political career in Tanzania. In some cases, the influence of those informal disciplinary measures followed the individuals even beyond the national borders. During an interview with *Mtanzania* on September 20, 2015, Dr Masha narrated that after the expulsion from TANU he not only lost his job at the Ministry of Information but there were also informal directives issued that indicated that he should not be employed in Tanzania or anywhere in East Africa (Mtanzania, 2005, p. 3).

It is key to underscore that under the Nyerere presidency co-optation and control practices were guided to a large extent by the ideological orientation of the regime. Corruption was conceived as a form of oppression that undermined egalitarian values, and it was not particularly prevalent among high level political elites or across the bureaucracy. However, cases of corruption did arise, especially in the cooperatives and parastatals (Helman and Ndumbaro 2002). To deal with this situation, the Nyerere government enacted a leadership code of ethics and enforced socialist norms against abuse of power, prohibiting ruling party officials from owning private businesses and amassing personal wealth.

Before leaving the presidency, Nyerere made two major changes that opened the door to the formation of informal networks within CCM: the introduction of term limits for the presidency and the adoption of a bill of rights in the constitution. Subsequently, in 1985, Nyerere was succeeded by President Ali Hassan Mwinyi, whose government became known for adopting structural adjustment programmes to

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<sup>2</sup> The relationship between mainland Tanzania (formerly Tanganyika) and Zanzibar has been a source of political contention and tensions from the time when union took place on 1964. Under the terms of this union the Zanzibar government retains considerable local autonomy.

liberalize the economy. It was under his presidency – not least as a result of the economic and financial opportunities that opened up within these fundamental transformations – that corruption begun to flourish and take root in Tanzanian politics and the public sector (Koechlin 2013). With the introduction of multi-party politics, political power had to be negotiated and consolidated in new ways, where allegiances and co-optation via political networks played a key role.

During Mwinyi's regime, three major informal political networks were formed within the CCM with the aim of contending for the party's presidential nomination. The first network was headed by President Mwinyi himself, who wanted to amend the constitution in order to increase the number of presidential terms from two to three. As attested by several high-level sources, including Nyerere's testimonial, President Mwinyi aligned with the Secretary General of CCM and Cabinet Minister, Horace Kolimba who publicly stood up and declared, against what the constitutions stipulated, that President Mwinyi would continue to rule after his ten years' term in 1995 (Rai, 2000, p. 1-2).<sup>3</sup>

The second network was that of the Prime Minister and First Vice President, John Malecela. He took advantage of the union tensions in the 1990s to strengthen his network by supporting a group of 55 Members of Parliament (MPs) (famously known as G55) who demanded for the formation of the government of Tanganyika following the act of the government of Zanzibar to join the Organization of Islamic Cooperation (OIC) against the Constitution of Tanzania.

The last network was that of two friends and age mates, Jakaya Kikwete and Edward Lowassa. This network was at that time famously known as "Boys II Men". Kikwete and Lowassa allegedly pledged to support each other during and after the nomination process leading to the 1995 election. This group grew into a powerful network through co-optation, for instance by promoting the strategic appointment of individuals loyal to them into key party bodies such as the youth and women wings of the CCM.

The "Boys II Men" also developed links to the media, enlisting allies in famous weekly newspapers such as *Rai*, *Tazama*, *Wakati ni Huu* and *Shaba* to publish articles to tarnish potential opponents that threatened their plans as well as articles that promoted Lowassa and Kikwete.

During the CCM candidate nomination process in the run up to the 1995 presidential election, the presence and influence of Nyerere, who continued to be the Chairperson of the ruling party for five years after his retirement, helped to balance the influence of informal networks over the process. Nyerere admonished Mwinyi's network for pushing to amend the Constitution to extend his term, stressing that the two-term limit was a rule that had already been decided and could no longer be challenged (Nyerere, 1994, p. 11).<sup>4</sup> He even demanded the resignation of Mwinyi's ally, Kolimba, from his position as Secretary General of the CCM. Nyerere also targeted the actions of members of the Malecela network accusing them of engaging in provocative actions that could lead to the secession of Zanzibar. Nyerere directly criticised Malecela for ill-advising the President and demanded that he step down from his position as Prime Minister, and he blamed Kolimba for advocating for an agenda of the G55 group. Regarding the "Boys Two Men" network, Nyerere questioned the source of Lowassa's wealth.

In other words, Nyerere maintained his status as a key authority representing the national interest. Not least because of his popular legitimacy, he could stand even above the president to address the

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<sup>3</sup> The question about Mwinyi's attempt to extend his term in office was also recounted in Nyerere's book<sup>3</sup> entitled *Uongozi Wetu na Hatima ya Tanzania* (Our Leadership and the Fate of Tanzania) that came out in 1994 to criticize what he called weak leadership of Mwinyi.

<sup>4</sup> Nyerere chose to make his positions clear in writing as many of the key messages he had surrounding the conduct of the 1995 elections were collected in his 1994 book entitled "Our Leadership and the Destiny of Tanzania."

struggles of the different groups and nascent networks that were feuding over political power. Nyerere couched his role in exactly these terms when he proclaimed that “On issues about the country I am not kind as Mwinyi, that is why we agreed that I should do this work for him” (Nyerere 1994, p. 62).

The extent of the informal powers still wielded by Nyerere was evident when Mwinyi announced a big reshuffle of his cabinet replacing Malecela with Cleopa Msuya as Prime Minister and Kolimba’s position in CCM was taken over by Lawrence Gama. It was also perhaps not surprising that Malecela’s and Lowassa’s names were dropped from the nomination race for the 1995 general elections.

The CCM process to nominate its presidential candidate therefore went ahead with three major contenders: (1) Prime minister Msuya who was minister in several ministries including the ministry of finance under the Nyerere government; (2) Benjamin Mkapa who was Minister for Science, Technology and Higher Education and had been a cabinet minister for two decades prior to 1995 but was not popularly known compared to his competitors; and (3), with the support of the “Boys II Men” network, Jakaya Kikwete, who was Minister of Finance. Given the intense of mobilization that Lowassa and Kikwete had undertaken to build their networks, it is not surprising that Kikwete emerged ahead of his competitors with 534 votes; against 459 votes recorded by Mkapa and 336 votes obtained by Msuya (Heko, 1995). However, the race went to a second round on the consideration that Kikwete did not receive a simple majority of the votes from the 1331 CCM Congress members. In the second round, Benjamin Mkapa, emerged as the winner with 686 votes against Kikwete’s 639 votes (Heko, 1995), going on to become the next president of Tanzania.

This result, as well as the nomination process itself, were controversial and contested. Questions have been raised about informal manipulation, based on the assumption that Nyerere intervened to prevent Kikwete from winning the CCM presidential nomination and to ensure that Mkapa, his preferred candidate, would secure the nomination. According to Tsubura (2018: 68), Nyerere favoured Mkapa because he considered Mkapa’s record to be exemplary. In an interview, an official from the office of the registrar of political parties asserted that the requirement for the second round was not required by CCM internal rules, but that Nyerere promoted on the grounds that the party should not nominate a candidate lacking majority support. In the view of this official, Nyerere underestimated the power of the “Boys II Men”, because otherwise he would have not allowed Kikwete’s candidacy to get as far as it did (Int.03012017).<sup>5</sup>

There is a widely held belief that Kikwete actually won the CCM nomination, but that he was asked by Nyerere to wait since he was too young. Undoubtedly the notion that Kikwete won in 1995 has been used strategically and it has been publicized in order to get public sympathy and subsequently validating the idea that 2005 was his turn. However, this is not without dispute; as one of this study’s interviewees, who claims to have been part of Kikwete’s network in 1995, stated that Kikwete actually lost the nomination in 1995. Narrating the 1995 nomination and how Kikwete lost, the interviewee observed:

[In 1995] after we failed to win in the first round I knew for sure that we were not going to win in the second round because of the age cohort. People that voted for Msuya [Msuya’s age cohort] were certainly going to vote for Mkapa. And that is what happened.

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<sup>5</sup> According to Heko (1995), in what was presumably a demonstration of their support for Kikwete, a good section of women and youth members of the Congress cried and sang a famous song of the major opposition candidate, Augustine Mrema, ‘CCM Bye Bye’ to show their dissatisfaction against the nomination of Mkapa.

Pertinently, this quote points to the relevance of age cohorts, which take on an important role in the formation of informal networks. Lowassa and Kikwete are age mates, they joined the University of Dar es Salaam together in the early 1970s, and the two joined the national services at the same time. The interviewee quoted above is also the age mate of Kikwete and Lowassa, having met with during their days at the university.

## 2.1 Rise and fall of the *Wanamtandao*

Julius Nyerere, the moral leader of the CCM who helped to neutralize informal networks from taking control of the government and the party in 1995, passed away in 1999. With his death, a new era for Tanzanian politics began, which saw the consolidation of the CCM as a formidable electoral machine

The ten years of Mkapa's regime (1995-2005) witnessed the formation of four major political networks to contest the 2005 elections. First, the Kikwete-Lowassa network – now known as *Wanamtandao* – which continued to grow and gain influence within the CCM. Both men served as cabinet ministers under Mkapa's government during which time they continued to penetrate the party apparatus, succeeding in expanding and consolidating a formidable network. For example, one way in which Kikwete and Lowassa strengthened their support was by penetrating the parents', youth and women's wings of the party and co-opting their leaders (Emmanuel Nchimbi and Sophia Simba respectively). These key personalities were able to steer the support of their respective party wings in favour of the *Wanamtandao* candidate.<sup>6</sup> The *Wanamtandao* supported Kikwete for the 2005 Presidential nomination, with Lowassa serving as campaign coordinator. It has been widely cited in the media and corroborated by interviewees that Kikwete and Lowassa had made an informal agreement that after Kikwete, it would be Lowassa's turn at the presidency.

A second network that contended the 2005 election was that of cabinet minister and parliamentarian, Prof Mark Mwandosya. This network was also known as 'Southern Highlanders' as it was formed by politicians from the Southern Highland regions of the country.<sup>7</sup> This network adopted an ethnic approach to ascend to power, which, unlike neighbouring Kenya, is not common in Tanzania where people rarely identify by their tribes and ethnic identities. Prime Minister Frederick Sumaye led a third network. Sumaye's network also attempted to build support through the wings of the party. For instance, the Chairperson of the Parents' Wing, Abioud Mugin Maregesi was co-opted by Sumaye and becoming campaign chairperson during the nomination race. A fourth network was led by African Union (AU) Secretary General, Dr. Salim Ahmed Salim who was supported by senior CCM members – including former Prime Minister Joseph Warioba – and criticised patronage-based *Wanamtandao* politics, calling for a return to the original ethics of the party established by Nyerere (Tsbura, 2018:70).

During the CCM general congress, Kikwete overwhelmingly won the ruling party's presidential nomination, securing 1072 votes. He was followed by Salim who obtained 476 votes, and Mwandosya who took the third position by obtaining 122 votes (Rai, 2005, p.2). The outcome of the presidential nomination reflects the strength acquired by the *Wanamtandao* network, and this strength was carried forward into the 2005 general elections. A telling example is that prominent elders within the ruling party, including President Mkapa himself, were initially in favour of the former AU Secretary General, Salim Ahmed Salim, but did not manage to outweigh the Kikwete/Lowassa network.

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<sup>6</sup> Presumably in exchange for their active support, both Nchimbi and Simba were awarded ministerial positions after the elections in 2005.

<sup>7</sup> It is alleged that the Secretary General of CCM, Philip Mangula who is from that region, said that it was time for the President to come from the Southern Highlands (Int.012017)

However, it was also during Kikwete's presidency that the *Wanamtandao* started to disintegrate, leaving Kikwete's government and the ruling party in a difficult situation during the elections in 2010 and 2015. The most visible expression of the deep fractures that plagued the *Wanamtandao* was the fall out between Kikwete and Lowassa. Tellingly, a central issue surrounding the breakdown of the network were the revelations about several grand corruption scandals. In the Richmond corruption scandal, contracts were improperly awarded to a firm to construct an oil pipeline and to provide emergency energy. The company, known as Richmond Development, failed to deliver on both counts but was nonetheless paid substantive amounts of money. As part of the fall out from this scandal several influential figures from the *Wanamtandao* network were forced to resign, including Prime Minister Lowassa, the Minister for Energy Ibrahim Msahaba and his successor Nazir Karamagi. In the same year, Andrew Chenge was forced to resign following corruption scams related to keeping a large amount of money in a foreign country.

Related to continuing accusations of corruption among members of the *Wanamtandao*, Kikwete's popularity declined significantly. While Kikwete's victory in the 2005 general elections was 80.2%, it dropped in the 2010 general elections to 62.8%.

Some interviewees maintained that Kikwete was unsupportive of Lowassa from the start, and that there was a concerted effort to undercut members of *Wanamtandao* who were loyal to Lowassa and to ultimately weaken Lowassa.<sup>8</sup> Kikwete was reported in the media to support Bernard Membe, Minister for Foreign Affairs and International Cooperation, as his successor (e.g. Ulimwengu, 2014). In the meantime, Lowassa never helped Kikwete to conduct and organise campaigns during the 2010 general elections. Rather, according to newspaper reports, he was busy building his network and clearing his name for the 2015 general elections. Whether Lowassa and Kikwete fell apart because of the Richmond scandal, or if the Richmond scandal was (as Lowassa argues) the pretext to get rid of him, this episode highlights the ambivalent nature of informality that camouflages what really transpires. In an environment where informal control is a common practice to do away with contenders, it is rarely totally clear whether accusations of wrongdoing are based on fact or rather inflated (even invented) to advance informal interests. In any event, post-Richmond the friendship between Kikwete and Lowassa foundered and ultimately the party hierarchy blocked Lowassa from vying for the CCM presidential nomination in the year 2015 (Kabendera and Kantai, 2015).

## 2.2 The Magufuli nomination

Interestingly, and for the first time in the history of CCM, in 2015, 42 presidential aspirants collected nomination forms resulting in 38 submissions to run for the party ticket. But this time, two major networks (*Mitandao*) were competing against each other. On one side was Kikwete's network supporting Membe, and on the other side was Lowassa's network famously branded as 'friends of Lowassa'. It is said that Lowassa's network was the strongest one, having used similar tactics to those employed previously by the *Wanamtandao* to penetrate the party, the media, and all tiers of the government. According to some sources, Lowassa managed to mobilise support from almost 75% of the NEC members (Kidanka 2015).

Key members of Lowassa's network were Sophia Simba<sup>9</sup>, the chairperson of the women's wing and Emmanuel Nchimbi, the former chairperson of the youth wing. He also enjoyed significant support

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<sup>8</sup> Ibid.

<sup>9</sup> It can be interpreted that as part of the process of eliminating the Lowassa network in the party, President Magufuli endorsed the decision to kick out Sophia Simba from the party, while Dr Emmanuel Nchimbi was appointed to become ambassador to Mozambique; a post that would automatically limit his participation in the party politics.

from a big section of the MPs. Additionally, according to one source, Lowassa managed to secure significant bases of support from within the party, especially from 23 of the 30 regional CCM Chairmen (who are known to be the most influential figures at the level of the regions) for the party nomination. Furthermore, according to one of our interviewees, both Reginald Mengi, a media mogul, and Rostam Aziz, head of the Aziz group, who are identified as two of the wealthiest individuals in Tanzania were associated with Lowassa prior to the 2015 general elections.

During the campaign Lowassa openly said during a rally that he expected the support from Kikwete given that they had made a deal to support each others and for that reason he had supported Kikwete's nomination in 2005 and refrained from running in 2010. "Given this, it is now my turn to contend for the presidency."<sup>10</sup>

Following a stiff competition between the two powerful informal networks, the CCM central committee decided to drop contestants from the powerful networks, including Lowassa, when it decided on the five short listed candidates that would go on to the NEC. As Nyamajeje (2015: 2) noted "Lowassa's early elimination was particularly bold and was, in most quarters, totally unexpected. He was perceived as the most popular candidate both within and outside the party".

Meaningfully, the process involved a Committee of Elders (*Kamati ya Wazee*) that advised the Central Committee. The elders included the former presidents of Tanzania, Ali Hassan Mwinyi and Benjamin Mkapa; the former presidents of Zanzibar, Salmin Amour and Amani Abeid Karume; and the former vice-chairs of CCM, John Malecela and Pius Msekwa<sup>11</sup>. In what was reported to be a tense vote during a closed-door session, the NEC narrowed down the list of candidates to three, excluding also Membe, who was though to be the strongest candidate of the five. Finally, the CCM National Congress chose John Magufuli as the presidential candidate with a significant majority (87%) of votes. He was popularly considered a "perfect compromise candidate" who had a credible track record. Also, given that he had stayed away from network politics, some thought that Magufuli could help the party recover from the damage caused by the intense fragmentation that the polarising 2015 campaign had brought about (Nyamajeje, 2015: 2).

Just a month after the CCM elected its presidential candidate, Lowassa defected from the CCM. This decision, given the significant power he wielded, represented the most serious challenge to elite cohesion faced by the Tanzanian hegemonic party regime since independence. In fact, up until these previous elections, elite defections from the CCM had been minimal (Morse 2014). Indeed, there was consensus amongst most of the interviewees in this study that in no time before were elite fractures as visible in the public light as in the runoff to the 2015 election.

Lowassa's defection from the CCM to run as candidate of the main opposition party (Chadema) was additionally significant to the extent that it generated further unprecedented defections of highly influential figures from the CCM such as veteran politician and propagandist of CCM, Kingunge Ngombale-Mwiru, and former Prime Minister, Frederick Sumaye, As Tsubura (2018:73) observed: "The level of seniority of CCM leaders who defected to the opposition illustrated Lowassa's unparalleled

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<sup>10</sup> See <http://www.thecitizen.co.tz/News/I-expect-JK-backing/1840340-2735094-3duvjp/index.html>

<sup>11</sup> One would assume that the elder statesmen would have played a role anyway but it is important to underline the fact that they had to be brought in "formally" through this body of elders in order to perform a legitimising role of such "regime historical". To be sure, some legends in the party who were in favour of Lowassa, questioned the rationale for the committee of elders to be called in. Pragmatically speaking, it was somehow difficult for Kikwete to simply push to neutralise Lowassa's bid without some kind of justification.

power and network within CCM.” Lowassa subsequently became the candidate for an opposition electoral coalition led by the CHADEMA party.

This constituted a major break in Tanzanian politics; defection and “crossing the floor”, i.e. established politicians changing their party allegiance was a completely new phenomenon, especially in presidential elections. The break was heavily contested within the country; Chadema supporters did not necessarily support Lowassa, who was perceived to be tainted with serious corruption allegations, and as a manipulative politician who changed party for purely instrumental reasons. It seems that some Chadema-supporters voted for the representatives of their party in the simultaneously held Parliamentary elections and elections of local government councillors – but voted for John Magufuli, CCM’s candidate, in the presidential elections, as he was perceived to be far more credible and honest than Lowassa.

Magufuli won the national election and was sworn in on 5 November 2015 as Tanzania's fifth president. As has been discussed above, Magufuli came to power in an unusual manner because he did not belong to any of the powerful networks within the party. He was also known during his Ministerial appointments for his effectiveness and probity. Indeed, his popular credibility and clean reputation certainly underpinned his legitimacy as a forward-looking candidate among the electorate. As shall be subsequently argued, these two aspects have considerable implications for the reform potential of the incumbent government in Tanzania.

## 3 Analysis: drivers of informal governance and the 3C’s

In the post-Nyerere era, major transformative processes of political and economic liberalisation were set in motion that would deeply affect the incentives of key actors to resort to informal practices to pursue their interests. The normalisation of those practices resulted in the consolidation of an informal governance regime which, although conducive to maintaining a high degree of political and social stability in Tanzania for twenty years, generated high levels of systemic corruption. This section traces the impact of political and economic liberalisation in shaping a governance regime that strongly incentivised the formation of informal networks among elites for the contestation of power and resources.

### 3.1 From single party state to competitive authoritarianism and top-down co-optation of political actors

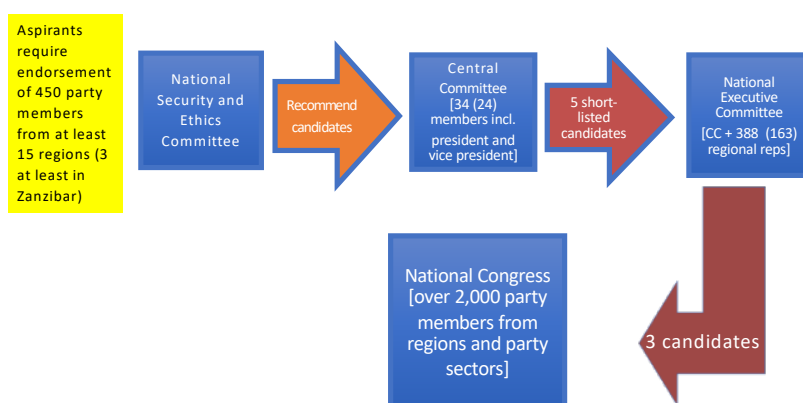
Term limits in a single party state meant that political elites would henceforth be able to contest opposing groups within the CCM. The characteristics of the system significantly heightened the stakes of competing for the presidential nomination of the ruling party given the overwhelming formal and informal powers of the president as leader of the state, government and the ruling party. Thus, the term limits generated strong incentives for aspiring personalities to build networks of support within the party to be able to contend in the internal nomination process.

The centrality of the CCM presidential nomination process compounds the importance of building networks within the party given that formal procedures require that several aspirants compete to be

nominated and endorsed at different stages according to the party 's internal rules. Furthermore, the presidential nomination has been the critical sphere for contestation of power given the centralised formal and informal powers that the president has historically commanded.

The CCM's internal presidential nomination process follows a participatory model involving several stages. To initiate the process, aspirants require the endorsements of 450 party members from a minimum of 15 regions, at least three of which must be on Zanzibar. Each party member may only endorse one candidate. The names of all aspirants are scrutinized by, first, the National Security and Ethics Committee (*Kamati ya Usalama na Maadili*) or NSEC, which consists of 11 senior party members including the party chairman who has always been the same person as the President of Tanzania. The NSEC makes recommendations to the party's Central Committee (*Kamati Kuu*) or CC, comprised of 24 members including the president and vice-president of Tanzania and Zanzibar, the prime minister, and individuals drawn from some bodies linked to the party (previously there were 34 members). The CC shortlists five applicants informed by dossiers from the NSEC, detailing the background of every candidate. At this stage, the selection process is said to be based on consensus, not voting. Then the shortlist of five names are presented to the National Executive Committee (*Halmashauri Kuu ya Taifa*) or NEC. The NEC is comprised of the same 24 members who sit on the Central Committee, and 346 other members drawn from regional party chairs and secretaries, along with one nominated member from each mainland district and six nominated members from each district on Zanzibar. Only at this stage does the voting begin, with the aim of reducing the list from five to three names. The last stage entails a two-day meeting of the National Congress. The congress comprises of more than 2,000 members of CCM and its associated bodies. All members of the National Congress vote on the NEC's shortlist of three candidates. The winner of this vote becomes CCM's presidential nominee that will compete with the opposition candidates for the presidency.

Figure 2: CCM Presidential Nomination Process



Based on the previous insights it is clear that one needs to command some influence at different levels of the party in order to build strong networks that can support the kind of mobilisation necessary to conduct a victorious bid for the nomination. Competition for much needed votes in the CCM congress



that elects the presidential nominee has driven the aspiring candidates and their allies to resort to proactive co-optation practices vis-à-vis CCM rank and file, often involving facilitating handsome amounts of money in order to secure sufficient votes.

The winning vote begins to be negotiated well before the nomination season even starts. Among other things, this entails building winning coalitions at district and regional levels along with maintaining close ties with the Central Committee. The fact that the NEC is constituted by representatives from all districts and regions explains the necessity for establishing spheres of influence at district and regional levels, ensuring loyalty of strategic leaders through appointment decisions and promises as well as giving them money or other kinds of support.

The days prior to the nomination, members of the NEC travel to Dodoma, Tanzania's capital city. This provides yet another space where all sorts of mechanisms for soliciting votes are put in practice. Aspirants may cover delegates' travel and lodging expenses in Dodoma or simply give them money to entice their vote. In fact, reports of aspirants or their representatives being observed with sacs full of money are not rare in the media during that week of nomination.<sup>12</sup> Similar practices take place in the respective constituencies for parliamentary nominations.

During the years until the introduction of multiparty elections a system was reinforced whereby political competition took place strictly within the CCM. The party has therefore played a central role in balancing the power and interests of those informal groups and that is why it has been crucial to maintaining elite cohesion. In other words, the CCM has historically been an exceptionally successful political machine because it has developed means to incorporate (or co-opt) all major political groups and factions. One interviewee described the informal rules of CCM politics in the following way: CCM factions are the major players, aspiring politicians must therefore reflect deeply into which group within CCM to join that will likely help one reach a good position.

Personal ties based on friendship, collegiality, region of origin or even kinship form an important basis for how politics are conducted and networks are created within the CCM. This is captured in the expression *Kujuana* meaning "knowing each other" but also asking "who do you know". This alludes to a system of group identification where party factions compete but also re-distribute access to positions of power and resources amongst themselves based on personalistic considerations. This informal system of group belonging has a somewhat ambivalent function: it can provide the means to gain status and offer advancement opportunities but it may also be used to bring down individuals associated with the "wrong" group or fraction.

However, co-optation into the leading political networks is a function not only of relationships of trust and loyalty but also hinges on the ability to mobilise one's own constituencies and resources on behalf of the network. This means that building a political career requires building one's own network of clients, which in turn requires commanding access to resources. Hyden and Mmuya (2008) have researched how building informal networks of clientelistic relationships has been widely utilized to exercise political authority and to secure and consolidate support bases (see also Baez-Camargo and Sambaiga 2016). This explains the relevance of what Strachan (2015) referred to as "old boy networks" and "military type command systems" within political parties in Tanzania. This consequently creates an uneven playing field in which those lacking a sizable financial base to build their networks find it much harder to mobilise the support required to win elections (Babeiya, 2011).

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<sup>12</sup> See, for instance, <https://www.tzaffairs.org/2005/05/eleven-ccm-candidates-fight-for-presidency/>

The ruling party transitioned from an ideological political apparatus to an election winning machine. It was during this time when the ruling party abandoned restrictive measures, such as the leadership code of ethics, which separated business and politics.

### 3.2 Economic liberalisation and horizontal co-optation

The Ujamaa socialist development model failed to deliver on economic growth. After an initial period of modest success, industrial expansion subsided as private capital retreated under the regime's anti-capitalist ideology (Coulson, 1982) and the official policy of forced collectivisation in rural areas proved devastating for agricultural output (Rydenfelt, 1986). As Kelsall (2013: 51) notes "with the economy in crisis, the system for managing rents collapsed. Smuggling and black-marketeering became rife, and parastatal agencies became little more than vehicles for speculation." By the 1980s, the decline of the state-controlled economy led to the rise of an informal economy which undermined the socialist norms, thereby allowing corruption to escalate (Helman and Ndumbaro 2002, Tripp 1997, Hyden and Mmuya 2008).

The policies of economic liberalization promoted by President Mwinyi brought about a significant shift of economic power from the state and its parastatal organisations to political elites and the business community. Access to financial opportunities and resources associated to the retreat of the state as a leading economic actor became an important motivation to the formation and sustenance of mutually profitable networks between politicians, government officials and the business community. Furthermore, the passing of the 1991 Zanzibar Declaration, which repealed the Leadership Code of the Arusha Declaration, allowed party and state officials to freely take part in the opportunities of the liberalising economic environment by buying equities, owning multiple rental properties and participating in business ventures. The influence of private business interests within the CCM became particularly evident starting with the advent of multi-party elections in 1995 when the need to attract financial resources in order to mobilise support during electoral campaigns took centre stage.

As Gray (2015: 387) suggests, many of the "inscrutable forms of off-budget expenditure by the state appeared to be shaped by complex links between individuals in the ruling party and individuals within the private sector." Those unwilling to be co-opted into the increasingly powerful networks were met with informal control mechanisms.<sup>13</sup> A strategy employed by Kikwete and Lowassa's *Wanamtandao* network to gain support was co-opting Members of Parliament (MPs). Those that accepted to join the network were rewarded, receiving financial assistance and the backing of influential party cadres in order to secure their nomination and win the general elections. Those who refused were most often defeated by candidates that were financed and strategically supported to outcompete them. One interviewee described how a former MP lost his seat for refusing to join the *Wanamtandao* network; according to the interviewee the seat was lost because the *Wanamtandao* had a sizable team assigned to identify those MPs not on their side, and would then target resources to strengthen competitors. In his words: "There is no way one could survive because the economic muscles that were involved were too strong and came from high up" (Int. 19122017).

The MPs joining the *Wanamtandao* would subsequently work to strengthen the support of the network's potential presidential candidate at the local level. Those who refused to be co-opted into the network would find it difficult to continue to pursue a career in politics, even at the district level.

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<sup>13</sup> For instance, Augustine Mrema then Minister for Home Affairs vowed to investigate Mohamed Enterprise Company over allegations of selling expired foods items but was removed from the cabinet for challenging the government. Mrema subsequently defected from the CCM and joined the National Convention for Construction and Reform-MAGEUZI.

The result was that many renegades ultimately repented and would be taken into the network and rewarded with different positions (Int.19122017).

It is without dispute that building a career in politics in Tanzania, especially since the advent of multiparty elections, requires access to substantial resources. According to one interviewee, even to simply become a councillor at the local level success is often a function of finding a “good sponsor” as costs can be significant. During interviews conducted with current MPs, they explained that access to funds has become an essential prerequisite to get nominated and win the general elections. The need to command sufficient resources begins with the task of mobilising a campaign team, which as one of the interviewees noted “you have to ensure that they have eaten, that at least you have given them 20,000 shillings (approx. USD 10) per day plus food and water.” The interviewees calculated the cost of running an electoral campaign as being between 10,000 and 20,000 USD, the exact amount depending on the degree of competition for each nomination (Int.05012018), which generates incentives on the part of aspiring politicians to seek funds from private interests.

From the perspective of business interests, the fact that the Chair of Council makes decisions on local government tenders generates incentives for entrepreneurs to strategically support those aspiring individuals who are believed to have the potential to reach such decision-making positions from early on in their careers.

Thus, from the outset, politics and private interests are frequently enmeshed. As Whitehead (2012: 1102) remarked, the CCM responded to the possibility of increased electoral competition by developing and deepening its ties to commercial interests, which led to the transformation of the party from one “with some degree of ideological coherence, to one that, to a large degree, is composed of highly opportunistic leaders”.

Widespread horizontal co-optation means that the Tanzanian context defies simple dichotomies such as that of the public and private spheres. This is especially noteworthy when it comes to analysing the role played by business interests in Tanzanian politics as wealthy businessmen often embark on political careers, typically running for seats in Parliament, while high level politicians and their families often have ownership of significant business interests. According to information obtained during the interviews, this patterns have also meant that with time, the success of influential national business interests has become increasingly linked to the CCM with the result that most consolidated business sectors are well entrenched in the party and have established a permanent presence within it.<sup>14</sup>

In this regard the *Wanamtandao*, by bringing together powerful political figures and some Tanzania’s most salient entrepreneurs, was successful in raising formidable amounts of resources to fuel their electoral activities (Whitehead, 2012; Tsubura 2018). The logic of informal co-optation, however, implies that support comes with strings attached. Financial support to win elections is therefore extended with the expectation that, once the network succeeds, the “donors” interests will be unduly favoured by the incoming government. In fact, some of the major corruption scandals subsequently coming to light during Kikwete’s government have been allegedly linked to contracts that were awarded to the business groups that assisted the *Wanamtandao*’s ascent to power (Int.0702218, Kabendera 2011).

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<sup>14</sup> According to one interviewee, only rather young and up coming local business interests were said to not be affiliated to the party whether because they are still pondering decision to do so or because they are decidedly supporting the opposition, which are a minority of cases but there are some examples such as the horticulture sector in North Arusha. (Int.0511017)

It is no secret that some of the wealthiest Tanzanians are key protagonists in national politics. Interviewees described how some “pairings” between politicians and businessmen resemble what Ledeneva and Shekshnia (2011) in their typologies of corporate corruption in Russia have termed “Penguin” practices, referring to life-long ties and informal relationships based on reciprocity and mutual help.<sup>15</sup> Thus, some of the wealthiest entrepreneurs in Tanzania are sometimes dubbed “king makers” in an allusion to the practice of identifying a politician that shows promise at being skilled and then channelling massive amounts of money on his or her behalf to build bases of support and finance his or her electoral campaigns. The individual who received such support is forever indebted to the business counterpart and the resulting relationships between the businesspersons and politicians are premised on a personal bond of loyalty and tend to be long lasting. Once the protégée rises to an influential position the expectation is that the sponsor’s support will be rewarded with generous tax exemptions, large government contracts and even preventing or obstructing legal and policy reforms that may be detrimental to the sponsor’s interests.<sup>16</sup>

## 4 Informal governance and the failure of anti-corruption measures

### 4.1 Elections as drivers of corruption

Among the key unwritten rules of the Tanzanian informal governance regime was that although, multi-party, national elections would be held every five years, real power would be contested among competing groups within the ruling CCM, centering around the process of the presidential nomination. Competing political cliques would otherwise maintain allegiance to the party, its procedures and remain united vis-a-vis external actors. In other words, although Tanzania remained an hegemonic party regime where national elections were hardly realistically competitive, real contestation among influential power groups occurred within the party itself. As argued by (Anyimadu 2016:5) the need to balance and accommodate major political networks within the CCM has given rise to a governance culture in which, in spite of democratic elections, there is little room for the inclusion of views and voices from outside the major factions.

Nonetheless, multi-party elections, although hardly transparent and clean by Western standards, have added a measure of contestation to the system and raised the stakes. In fact, the research finds that network-based informal governance is effective for dealing with the challenges posed by elections but also exacerbates corruption risks. Multiparty elections increase the costs of financing electoral campaigns, including those associated with maintaining the patronage mechanisms that link to the candidates’ constituencies and, ultimately, are key to their legitimacy as leaders. From the bottom up, these tendencies are reinforced by practices such as *takrima*, which are associated to the propensity

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<sup>15</sup> One interviewee discussing this phenomenon referred to a Tanzanian popular saying where it is known that “every MP has his Indian” making an allusion to the Asian ethnicity of many prominent business leaders in East Africa (Int.0702218).

<sup>16</sup> For instance, media mogul Reginald Mengi is said to quickly react through his networks of MPs to stop any unfavourable legislation on media from going through.

on the part of citizens to evaluate their politicians in terms of their ability to deliver goods and resources. This is one of the reasons why elective office has become increasingly expensive.

Concretely, informal networks are functional to secure favourable election outcomes through several routes. First, informal governance practices mobilise political support and ensure elite cohesion by means of the selective distribution of goods, money and access to rents to supporters. At the level of political elites, practices of prebendal co-optation are used to secure electoral success by cementing a winning coalition. Informal controls also work to intimidate and obstruct the activities of opposition forces, for example through mobilisation of co-opted networks in law enforcement, the tax authorities or camouflaged via the selective application of laws related to national security.

Informal governance practices are also often utilised to mobilise co-opted members of informal networks in order to secure the financial resources that are needed to fund electoral campaigns, buy votes and finance other activities geared at securing favourable electoral outcomes. As mentioned above, a common pattern involves collusion with influential co-opted business interests that provide financial resources to political elites during elections in exchange for privileged financial rewards such as large government contracts and tax exemptions. Also, several grand corruption scandals – such as the Richmond scandal – have been associated with the intention to divert large sums for electoral purposes.<sup>17</sup> In other words, the networks involved used their power to siphon off funds both to secure the financial basis and access to power of the network as a whole, as well as for personal enrichment, the former being the condition for the latter.

#### 4.2 Managing the networks: co-optation and control practices

The Tanzanian regime has been characterized as a competitive hegemony (Morse 2014), which means that the CCM represents the most effective gateway to accede to positions of power and influence (Hyden and Mmuya 2008). This is clearest when it comes to the institutions of the executive branch of government, where party cadres at the national and local level exercise political authority sometimes even more effectively than the formally appointed state officials. According to Hoffman (2013, 11) “almost all civil servants are indirectly accountable to the CCM and the party leadership determines almost all material policy choices”.<sup>18</sup>

As the hegemonic political force, the CCM has developed its own particular mechanisms of elite recruitment, as well as mechanisms to enforce party discipline, which are predominantly based on principles of personal reciprocity and loyalty. Further linking informal networks to the manner in which power is exercised, Hyden (2005:5) sheds light on the motives behind the informalisation of the formal governance system in Tanzania:

Power in this context does not stem from the authority vested in a particular public office, but rather the myriad of personal dependencies that are created as money or some *other* tangible resource is exchanged for political support. Such a government is held together and coordinates matters as well as gets its legitimacy not from how it implements policy but what it delivers. [...] political leaders

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<sup>17</sup> For instance, there are accusations that key members of the *Wanamtandao*, such as Edward Lowassa, Rostam Aziz and Andrew Chenge, were linked to the \$133m External Payments Arrears (EPA) scandal at the Bank of Tanzania that helped finance the party’s campaigns in 2005 (Kabendera 2011).

<sup>18</sup> A concise illustration of this is the case of the District Executive Directors (DEDs) and the District Commissioners (DCs), who are formally the most powerful public officials at the district level are direct presidential appointees. They are not only expected to be supportive to CCM as they have influence over decision making at the district level and are key for mobilizing votes for the ruling party during elections.

preferred it [the CCM], not for ideological reasons but because it provided entry to material goods and valuable services.

The recruitment and disciplinary mechanisms of the CCM are consistent with the informal practices of co-optation and control that we identified in our conceptual framework. Co-optation into the CCM networks should not be understood as a one-off transaction; it is constantly negotiated and reiterated through a system of power sharing of sorts, which is expressed through the distribution of appointments and opportunities for extraction of rents. Elite cohesion is thus associated with the ability to manage the interests of leading networks through co-optation and control. Network-based governance relies on key figures that occupy central positions in the networks, gatekeepers and mediators, who concentrate resources, power and influence. At the helm of the system is the president, whose informal influence is compounded by the formal powers of the office.

The preeminent role of the president, both head of state and leader of the CCM, has to date been unquestionable. In 1985, Nyerere stepped down but his figure has remained perhaps the most prominent reference point that leaders and citizens alike draw upon, especially when it comes to issues of national unity, integrity, leadership and patriotism. Despite removing himself from direct political roles, Nyerere continued to be a remarkable authority figure until his death in 1999. To be sure, most corrective measures whether within political parties or at government levels in Tanzania are often justified by making reference to what Nyerere said or would have said in that regard.

The Tanzanian president enjoys extensive powers, especially relevant being those whereby he is directly responsible for appointments to the vast majority of positions of power at the central and local level. As mentioned before, it is common knowledge that public officials extract rents from their positions in public office, supported by a widely held perception of leadership as an opportunity to accumulate resources and move up the social ladder. This form of prebendalism (Joseph 1987) is locally referred to as “eating” (*kula*) and is associated with what Bayart (1993) coined the “politics of the belly.”

### **Box 1: Appointing powers of the Tanzanian President**

The president directly appoints the following positions:

- The Ethics Commissioner, who is head of the Ethics Secretariat responsible for receiving and analysing asset declarations of public officials.
- All the members of the Special Tribunal that the Ethics Secretariat may convene to inquire into allegations of breaches of the Public Leadership Code of Ethics.
- The Controller and Auditor General (CAG), who is head of NAOT.
- The CEO of the Public Procurement Regulatory Authority (PPRA).
- The Commissioner who heads the Financial Intelligence Unit (FIU) under the Ministry of Finance.
- The Director General and Deputy Director General of the Prevention and Control of Corruption Bureau.
- The DPP.
- The Inspector General of Police.
- Justices of the High Court of the United Republic for Mainland Tanzania.
- Justices of the Court of Appeal of the United Republic of Tanzania.

In practice, our research has revealed that the President has a preeminent role in managing the interests of the networks, among other things by assuring the redistribution of power and influence among regime insiders through the strategic use of these appointment powers (Baez-Camargo and Ledeneva 2017). Concretely, one of the key ways in which co-optation into the network is effected and confirmed is by means of appointing supporters to influential positions in public office. The vast appointment powers enjoyed by the president (see Box 1) are therefore instrumental for purposes of power sharing, co-opting potential dissidents, as well as exercising control and discipline among the regime insiders.

During the presidency of Kikwete the use of co-optation as a preferred governance practice was indeed evident in the patterns of appointment to different leadership positions, which mirrored informal ties based on family bonds, friendships, ethnicity, religion, and so on. Loyalty to the network and perceived value of the contribution made to the success of the network were key considerations in the process of making appointments. On the basis of such considerations, when Kikwete took over the presidency, every member of the network negotiated to get hold of a slice of the cake within the government and the party. One of the members of the network who was interviewed for this study stated “Everyone negotiated; I also negotiated” (Int.04012017).

Thus, as Kikwete took office, Edward Lowassa became the Prime Minister. Rich and influential political elites, who supported Kikwete’s presidential bid, such as Andrew Chenge and Nazir Karamagi were appointed to head the lucrative ministries of Energy and Construction. In fact, Kikwete’s cabinet was enlarged significantly to accommodate members of his network, which suggests an expanding public sector is an indication of co-optation as a favoured strategy of informal governance.<sup>19</sup> The positions available to reward supporters are even more abundant when one takes into account the de facto position historically enjoyed by the Tanzanian president as both Head of State and leader of the ruling party. Thus, Rostam Aziz, a famous business tycoon, was appointed to the position of accountant of the ruling party and subsequently member of the CCM National Executive Committee.

The key position of the president in managing the networks does not mean, however, that his power is absolute. In fact, it can be argued that by co-opting influential individuals the leaders also become liable to responding to the interests of the network. Thus, sometimes appointments are subject to the approval of key network members. According one of the informants, in 2005, Mizengo Pinda, who was co-opted to the *Wanamtandao* was the first on Kikwete’s list of potential parliamentarians that could be appointed to the position of Prime Minister, but he was dropped during the last hour following stiff opposition and complaints of influential *Wanamtandao* members. One of the members of *Wanamtandao* pointed out:

Mizengo Pinda was the first choice, but he was dropped in an hour of announcement because *Wanamtandao* opposed adamantly when they had heard that Pinda wanted to be appointed, while he did not do anything [did not have any contribution], and during the nomination race he [Pinda] was in Mwandosya’s camp<sup>20</sup>.

Some of the internal CCM party discipline mechanisms are also heavily operationalized around the figure of the president, who exercises tight control over the legislature given that by law all cabinet level- ministries are to be held by members of parliament. Since all coveted cabinet level positions are

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<sup>19</sup> The number of ministries was expanded to about 30 driving the total to about 60 ministers and deputy ministers.

<sup>20</sup> Interview with one of the members of Kikwete’s network on January 4, 2017.

political appointees, the incentives for CCM MPs are to show discipline and loyalty to the Executive in the hopes of being awarded a high-level position.

At the local level there are also important figures playing a key role in managing the networks. In this regard, especially important for the recruitment of party cadres are the CCM regional chairmen, who are powerful actors whose support is considered indispensable for individuals wanting to make inroads with a political career. The CCM regional chairmen are not salaried officials; they only receive allowances from the party, which means that they typically develop mechanisms “to eat”. For instance, some of them are known to own construction companies and to consistently win tenders for government contracts in their regions; their business very much feeding off their political networks.

The paradox is that it may very well be that the success of the *Wanamtandao* in co-opting a broad range of powerful actors was the source of its collapse. Servicing the interests of the networks is complicated. Other circumstances further exacerbated the tensions among the *Wanamtandao*, for instance when the negotiation process for key government positions aggrieved some members of that network. According to one interviewee linked to the inner circles of CCM, important divisions in the network had to do with the grievances over the appointment of Edward Lowassa to the position of Prime Minister. The late Samuel Sitta who was an influential member in the network, brought on board because of the considerable power and influence he had in the Lake Zone regions, also expected to get appointed Prime Minister. When it became clear that Lowassa would be appointed Prime Minister, Sitta negotiated to become the Speaker of the National Assembly. Eventually, Sitta used his post to attack the government (Int.23122017). It was in fact Sitta who later on formed the Parliamentary Committee that would investigate the Richmond scam, which forced Lowassa to resign.

*Wanamtandao* was a fairly big and complex network, which was comprised of people with different motives and aspirations. It included politicians and even academics who aspired to get appointed to crucial government positions, alongside journalists and other bureaucrats. It also included business actors whose interest was to win government contracts and business opportunities with a view to getting “their money back after the election” (Int.04012017). It is possible therefore that a fatal weakness of the network was brought on by its own success in co-opting a vast constellation of interests to the extent that it became too complex and too expensive to sustain once in power. As a former parliamentarian from CCM interviewed for this study suggested, the leaders of the *Wanamtandao* faced the dilemma of having to cater to the interest of the members of the network on top of the business of governing the country, thus explaining government ineffectiveness and the recurrent corruption scandals observed during Kikwete’s tenure.

This highlights an area where tensions generated by network-based governance arise, meaning that it is extremely difficult for the leader to enforce anti-corruption laws against influential members of the informal governing coalition. Thus, in the aftermath of the Richmond scandal, President Kikwete launched an initiative called *Kujivua Gamba* (‘shedding the skin’ or ‘sloughing off’) in April 2011 to remove corrupt party members, which comes across as a reflection of camouflage rather than authentic political commitment as evidenced by the fact that one senior CCM member voluntarily resigned from politics. To be sure, several high level personalities, including Lowassa himself, lost their positions in the aftermath of the Richmond scandal, however it is meaningful that none of them faced prosecution.

Another grand corruption scandal in 2007, involving illegal payments from the External Payments Arrears account under the Bank of Tanzania, exposed a much wider set of links between the ruling party and businesses in the country. An audit following up on allegations of corruption around the said account identified US\$131 million in improper payments to 22 local firms, directly implicating the



Governor of the Bank of Tanzania (who was forced to resign) as well as a number of the firms belonging to prominent business people with strong links to CCM and to senior members of CCM (Gray, 2015: 392). However, any measures aimed at bringing those implicated before the criminal justice system were not only halted but “the senior figures directly implicated in these scandals [...] quickly returned to positions of influence within the party” (Ibid, p. 394).

Related to this dilemma, in a news report from 2011, reporter Erick Kabendera discussed camouflage during Kikwete’s regime stating how convictions of two individuals over the EPA corruption scandal “boost the government’s promises that it is fighting a ‘war against graft’, but the accused are small-time players”, while one of the companies involved that is linked to Rostam Aziz was never charged (Kabendera 2011). Indeed, these two corruption scandals illustrate how in the Tanzanian context differentiating between members of the ruling party and the state from members of the business elite which, as Whitehead (2012: 1102) commented, culminates “in a convergence of interests in the reproduction of the status quo”.

#### 4.3 Informal governance and the effects on anti-corruption

Besides appointment powers, there are other ways in which the president has been able to exercise significant influence vis-à-vis key institutions dealing with detection and investigation of cases of corruption. For instance, while in our study the Controller and Auditor General (CAG) was appreciated across the board for its quality audits, prompt action following findings of potentially suspect activities is challenged by the requirement that NAOT reports need to go to the Office of the President before being relayed to any law enforcement agency or to the oversight committees of parliament.

Most interviewees agreed that all major government and state officials, but in particular those heading the key institutions of the anti-corruption system, are accountable directly to the president.

In addition, and based on the important role that informal networks and informal norms play in shaping Tanzanian politics, other less traceable mechanisms through which the president may have been able to directly influence anti-corruption outcomes cannot be discarded. An indication of those more informal, though plausibly extremely effective, mechanisms of informal influence comes from the Wikileaks scandal in which the former head of the PCCB was caught up when records revealed that a U.S. embassy official reported that the PCCB Head had told him that he was unable to pursue cases against high-level officials without the president’s approval (Heilman and John 2012).<sup>21</sup>

As explained by one interviewee from the academia, an unwritten rule of Tanzanian politics is that as long as one is politically important for the party one can “eat” with impunity. For instance, in the case of the EPA scandal, two high level figures were ultimately convicted on charges of corruption only after more than ten years of investigations by which time they had become “expendable” from the perspective of the ruling elites. Otherwise, the few individuals that have been charged with crimes of corruption in other scandals have typically been lower level bureaucrats.

Network-based governance is linked to corruption in other, less centrally orchestrated ways. The opacity surrounding information on the country’s largest companies is symptomatic of the extent to which informal deals and practices such as those described above are presumably camouflaged. Hoffman (2013, 16) has attempted to draw some insights from all available data and found that many among Tanzania’s wealthiest businessmen also occupy or have occupied very prominent leadership

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<sup>21</sup>See also [https://wikileaks.org/plusd/cables/08DARESSALAAM493\\_a.html](https://wikileaks.org/plusd/cables/08DARESSALAAM493_a.html) and [https://wikileaks.org/gifiles/docs/52/5244445\\_-africa-wiki-bae-corruption-in-tanzania.html](https://wikileaks.org/gifiles/docs/52/5244445_-africa-wiki-bae-corruption-in-tanzania.html)

positions in the CCM. The companies owned by such wealthy businessmen/party cadres often do not even appear in the register of top corporate taxpayers which is indicative of substantial underlying tax exemptions. Given the prominent role of the Tanzanian state as one of the main consumers of privately produced goods, from the perspective of business interests, pursuing political positions through affiliation to the CCM (and often accompanied by a rhetoric of patriotism and commitment to the public good) becomes an effective way to maximize profits.

From the perspective of three heads of business groups interviewed on separate occasions, the context in Tanzania is simply endemically corrupt, in the words of one of them: “all government agencies can be bought”. These business group leaders were very aware that there are clear beneficiaries among the business community from public budget allocations and decisions.<sup>22</sup> Conversely, for the outsiders, – and particularly for small and medium size enterprises – the situation is one in which, unless you bribe, you can be sure that your company will deal at the minimum with costly delays. Business leaders also complained about the vagueness in the law and regulations on specific requirements, as well as the manner in which multiplicity of taxes, duties, import fees and excises can be manipulated in order to threaten company managers with exorbitant fines and even criminal charges. Labour and immigration were big areas where extortion of businesses is said to take place as well as through fabricated debts by the TRA.<sup>23</sup> Also mentioned as being especially problematic were most issues associated with imports and customs and essentially ports were pointed out as being rife with corruption.

In the procurement context, it was reported to be extremely difficult for businesses without informal connections or the willingness to bribe to win government contracts because the vagueness in the law and applicable regulation leave large discretion to the enforcing/regulatory officers. These sources stated that bluntly that only multinationals can absorb the costs of not giving in to corrupt pressures whereas for most other businesses it is simply not worth the hassle to go through the formal way so those who can afford it just pay in order to make the problems go away.

## 5 The Magufuli era

John Magufuli ran on a campaign centred on fighting corruption, which is not a novel situation as previous presidents also had anti-corruption high in their electoral campaign agendas. However, President Magufuli seems to be going further than his predecessors in taking significant strides towards fulfilling his election promises. The question is how can this difference be explained? Why does President Magufuli appear to have a stronger political will to fight corruption? What are the preconditions that enable change in endemically corrupt countries to be initiated?

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<sup>22</sup> A specific example was given of the son of former president Kikwete being involved in the illegal import of cement.

<sup>23</sup> Specific examples were given on the immigration laws, where for the temporary assignment of foreign workers coming to Tanzania labour officials claim that there is a maximum of three per year allowed, however the legal source substantiating this claim is nowhere to be found. Also tax laws apparently change very quickly. Another example was given of the requirement to pay workers' liability to the government amounting to 5% of salaries. The government releases an announcement but without specifying details. Therefore businesses cannot know whether the 5% payment is based on gross or net salaries, how to proceed with new employees, etc There is no information made available on how to pay.

From the perspective of the analysis of informal drivers of corruption discussed in the previous sections, the research evidence suggests that the manner in which President Magufuli was selected as CCM presidential candidate has a lot to do with his government's commitment towards integrity and frugality as means to transform governance practices in the country. Succinctly, coming to power from outside the ruling networks means that he is not bound by the type of obligations towards those who helped him build electoral support as President Kikwete did. It also means that he has potentially the room to build his own networks in order to steer the governance system, which in practice means confronting a series of vested interests that the informal networks have established as a presence across the public administration.

The following sections discuss key turning points in the governance of public affairs, including: cutting down government expenditures by limiting unnecessary spending of public funds; strengthening the war against corruption; restoring discipline and accountability in the public service by firing officials who are implicated in the mismanagement of public resources; and reforms to the ruling party. Accordingly, these developments raise important questions regarding the manner in which Magufuli shapes and informs the practices of informal networks and governance in Tanzania.

Magufuli has taken several steps to forcefully indicate that he is serious about ending the misuse of public funds in Tanzania. These go from symbolic statements, such as cancelling the National Independence Day celebrations and instead calling for a national day of clean up (where he himself went out on the streets to join in the cleaning efforts), to other more substantial moves to reduce unnecessary public spending (for instance by banning international travel for senior government officials and reducing the cabinet from 30 ministers to 19), improve delivery of public services (he has promised that all students enrolled in school beginning January 2016 will be guaranteed free education until secondary level) and enhance revenue collection (promising a strict limitation of tax exemptions and announcing new measures to curb tax evasion). Magufuli has followed up on his promises with some other strong measures most notably the sacking of several high level public officials. Other measures enacted against prominent figures includes the suspension of the commissioner general of the Tanzania Revenue Authority (TRA) pending investigations of a case involving corruption to evade taxes associated to incoming cargo at the Dar es Salaam port.

Other positive changes can be appreciated in the law enforcement sector, particularly in the specialised anti-corruption agency, the Prevention and Control of Corruption Bureau (PCCB). Whereas under the previous administrations investigators may have been reluctant of going too far in politically sensitive cases, perhaps exercising some kind of self-restraint, recent changes in the organisation and management practices of the PCCB as well as signs of a heightened willingness of the top level hierarchies to go after cases that would have been considered politically too sensitive in the past are contributing to a better performance of that agency (Int.13092016).

#### 5.1 Cutting down government expenditure and *Maisha magumu*

The popular support that Magufuli's measures have received would be indicative of his success in building up political capital and popular backing for pursuing the anti-corruption agenda. However, some of those measures are generating high economic costs, which throw into question whether popular support is enough to sustain the pursuit of the president's anti-corruption agenda.

Bureaucracy seems to be at a standstill because trying to actually implement policies and regulations by the book is very difficult. Example of import permits and work permits whereby each and everyone of them requires authorization/signature from high level officials and are piling up on their desks

(Int.13092016). Furthermore, the Ministry of Finance has reported that thousands of businesses closed in the last one and half year.

This raises the question of the extent to which corruption allowed business to proceed. Some business actors complain about the consequences of measures such as the strict enforcement of tax regulation and the crackdown on corruption in customs under Magufuli. During an interview, a businessman in Mwanza explained that smuggling had been a predominant force in maintaining the steady flow of commodities and that since the regime has adopted a strict stance on corruption in customs there is a much more limited flow of commodities which significantly compromises economic activity (Int.15042017).

*Maisha magumu* is a phrase that has gained prominence in everyday conversations and practices in Tanzania; it literally refers to a hard, difficult life. It is not a new phrase in the Tanzanian context, it was routinely used by ordinary citizens during the government of Jakaya Kikwete. However, under Magufuli it has become a buzzword used to describe the decreased access to opportunities and resources for elites; business people and politicians alike. Whereas *maisha magumu* for ordinary people means difficulties in making a living and the struggle to realise basic needs, for the elites *maisha magumu* represents increased difficulty in accessing quick money through allowances, tax evasion and winning tenders through dubious deals among others.

For those employed in the public sector *maisha magumu* simply means having to live on one's salary because the opportunities for making extra money (through allowances, bribing or embezzlement) have decreased. Interviews with officials in both local and central government attest to this current new reality confirming that while under the government of Kikwete there were plentiful allowances available, with Magufuli the budget cuts are very real; (*amebana kwelikweli*), there is no money (*hela hakuna*), and "we are really starving" (*tunakufa na njaa/njaa kali*) were expressions often used. For instance, travel inside and outside the country on official business can nowadays only take place with approval from high level authorities, which means that allowances appropriated through travels and by participating in meetings and workshops have diminished considerably.

The negative experiences narrated by interviewees under the Magufuli administration certainly reflect the low salaries that prevail across the public sector; however, it also suggests that public officials have not been relying solely on their official earnings. Allowances, per diems, travels and corruption all constituted a form of livelihood for public officials under the government of Kikwete – indeed, under all governments since the introduction of multi-party democracy and a liberalised economy (Koechlin 2013). Whereas previously expectations about being able to "eat" in public office were ingrained, both by the holder of public office as well as by his or her network, under Magufuli a pertinent shift can be observed. The discourse of *maisha magumu*, the "Hard Times", is increasingly used to justify turning down demands from informal networks. The phrase "things are difficult as you know in these times of Magufuli" (*mambo magumu siunajua usawa huu wa Magufuli*) is now commonly used to refuse favours solicited or financial assistance from networks of clients, family and friends.

The discourse of *maisha magumu* has also been embraced by the business community, especially those who have relied directly on government activities in the past. This is the case of hotels and catering services, which have seen a decline in business since President Magufuli instructed that unless it is strictly necessary and formally approved, government meetings and seminars must be held in government facilities and austere organised. For instance, instead of the (previously usual and expected) variety of refreshments and full meals being served, now only water and simple snacks are available. Similar sentiments are also expressed by members of the business community that do not directly engage with the government but who nonetheless note that budget cuts have significantly

reduced the ability of the elites to spend and thus circulate money. Common expressions include: people have no money (*watu hawana hela*), or people are only spending on necessary stuff (*watu hawatunii hovyo*). Even taxi and bodaboda (motorcycle) drivers confirm that they have lost many clients and the ones that remained are much more sensitive on how they spend their money on transport. Another aspect of this situation is that people have stopped giving tips, which may seem relatively insignificant, but in the perception of people on the street this is felt to be a downside of less corruption in the public sector. With fewer licit and illicit perks available to mid-and higher ranking public officials and politicians, there is also far less “trickle down” to the service sector on all levels.

Another interesting effect is observed with regard to the composition of the private sector. In the perspective of the business community, the private sector is shrinking because of state interventions in the market and the recent move of the government to use state agencies, such as the Tanzania Building Agency (TBA) and the National Service Army to implement government projects. This has meant taking away big contracts from business interests associated with the networks. Actors within the business community are also of the opinion that the government’s move to cut down expenses has had negative impacts on businesses. One of the actors from the business community commented during an interview: “Let me write the receipt first and then I will respond to your question. There is no business, and people have no money; there is no business to tell the truth” (Int.06052017).

The pressure on business elites is compounded by the message of zero tolerance to corruption being sent out by the government. Although “Zero Tolerance” has been a top policy priority since Mkapa’s regime, Magufuli is the first president to actually and credibly enforce it. Business elites implicated in corruption or the misappropriation of public funds (including business tycoons who benefited from the famous Escrow scandal) are currently in custody facing criminal charges. The arrest of two key figures (Harbinder Singh Sethi and James Rugemaliravwere) involved in the Richmond and Escrow scandals who have been charged with economic sabotage, criminal conspiracy, money laundering among other offences in June 2017 can also be understood as conveying the message that impunity can no longer be assumed. As Cooksey (2017: 4) noted, ‘Their arrest was a dramatic and unexpected development, since both men had enjoyed a privileged relationship with powerful and influential figures in government, in Rugemalira’s case for almost 25 years.’

Other members of the business community have adjusted to the ongoing transformation in the business environment and used it to negotiate for better rules of the game. To illustrate this, a representative from the umbrella organisation for the private sector in Tanzania explained that the government’s policy of austerity has resulted in the need to reassess competences and capacities along with available business opportunities. In this regard, small and medium scale enterprises are stepping in to fill gaps by engaging in activities which are no longer lucrative for large scale enterprises that are used to engage in large projects only. In addition to this, many small and medium scale enterprises find it difficult to operate in a highly formalized environment, as they were used to businesses activities being mediated through informal connections. This has opened up an opportunity for some enterprises to invest in capacity building; thereby, transforming a seemingly problematic situation into a business opportunity for growth.

Politicians have also felt the economic impacts of the regime’s anti-corruption drive as many political figures – including members of parliament – are either running businesses themselves or are connected to powerful business elites. To be sure, many politicians came to be involved in politics driven by the wish to influence decision-making processes on the allocation of business opportunities. This explains what *maisha magumu* means for them. Parliamentarians – regardless of their political party – accorded a warm welcome to former President Kikwete when he accompanied his wife who was appointed by Magufuli to be a member of parliament. There were several accounts reporting that

parliamentarians expressed “missing him” (*tunakumisi*). It is believed that what politicians are missing most are the business opportunities that were ample present during Kikwete’s regime and that have been severely squeezed under Magufuli.

## 5.2 Towards a “clean” public service: the phenomena of *kutumbua* (opening the boil)

During his campaign, President Magufuli vowed to clean up the public service by restoring discipline, integrity and patriotism. Although interest in public sector reform was also expressed by previous regimes, the Magufuli government has adopted renewed efforts to enforce higher standards of ethical behaviour.

In order to bring discipline into the public service, the Magufuli government has adopted a strategy of “opening up boils” (*kutumbua majipu*), which entails dismissing public officials implicated in any kind of misuse of public office or whose performance is particularly poor. These officials are equated to boils (*majipu*) whose only cure – though painful – is opening them up (*kutumbua*). As a result of this approach, hundreds of public officials – both in central and local government – have lost their position. These dismissals have affected senior public officials originally appointed by Kwikwete and Mkapa, including the head of the Prevention and Control of Corruption Bureau (PCCB), the head of the tax agency, a senior railway official and the head of the port authority. Criminal charges have been pressed against former senior government officials, such as for example, Harry Kitilya, former Commissioner General of the Tanzania Revenue Authority.

Whereas, Magufuli is known for enforcing discipline among high level appointees; his subordinates are actually doing the same down the hierarchies of the public administration and at the level of local governments. As a result, ministers (including two whom Magufuli recognised as his close friends); regional and district commissioners/directors; heads of government agencies and departments; as well as service providers in different sectors have been fired, some placed under investigation, and a few even face criminal prosecution.

A significant change that has been brought about by the Magufuli administration has been the emphasis on bringing back discipline in the government. The new ethical standards that are expected from public officials have challenged the commonly held assumption that government appointments are opportunities to gain access to resources and provide means for accumulation. In fact, the President has been able to maintain some degree of consistency when it comes to taking enforcing disciplinary actions for cases of mismanagement of public resources, misuse of public office and underperformance in general. In this regard, the president has sacked anyone, his own along with previous presidential appointees, whenever implicated in questionable behaviours. A notable example is that President Magufuli has sacked his own close friends whom he appointed to be ministers. When receiving reports of the first presidential committee tasked to review the content of the mineral concentrates (*Makinikia*) which were banned from being exported due to allegations of under declaring, President Magufuli noted the following regarding the sacking of the then Minister responsible for Mineral and Energy (Prof Sospeter Muhongo);

“...I like Muhongo he is a friend of mine but for this case, he will have to way out and assess himself (... ) I wanted him to step down immediately...”

The consequence is that public officials feel uncertain and even fearful as present and past malpractices can have severe implications. Interviews with public officials indicate that job security in the public service is no longer guaranteed because “you can be opened up as a boil” (*kutumbuliwa*). A district official from Mwanza stated that it is not easy to implement the directives coming from the

centre at the local level, in good part because people fear being singled out as a “boil” and the President is intent on bringing his own people on board through the formal processes of recruitment in the public sector. “The idea is to ensure he gets people who will inform him...in the past it was easy to play with the system ...abuse public office and resources but today you can’t be sure who will report you (*nani atakuchoma*)” (Int.09112017).

In the same spirit of opening up boils, the government has cracked down on ghost workers and public officials holding fake educational certificates who do not qualify for their position. The government’s anti-corruption drive has unveiled the presence of more than 15,000 ghost workers detected in 2016 and exposed almost 10,000 public officials holding fake certificates. Indeed, ghost workers cannot exist without the explicit knowledge of officials that are responsible for hiring employees and authorising monthly salary payments. In the same vein, officials employed on the basis of fake certificates are a product of informal networks that engage in practices of favouritism and other forms of corruption.

Critics view Magufuli government’s anti-corruption interventions to be draconian and against labour law; some policy directives issued by Magufuli are enforced although they might have a questionable legal basis. In other cases, although the legal framework has not changed, Magufuli’s directives are definitely being enforced as if there was a new law. Interestingly, this pattern is similar to the one observed in Georgia in the aftermath of the Rose Revolution, when the government of Mikheil Saakashvili enforced some of its anti-corruption measures through informal, and rather authoritarian, means (Kupatadze, 2018).

In spite of those concerns, a greater section of the population - especially ordinary citizens - consider these actions to have positively changed the attitudes of public servants when it comes to service delivery (*watumishi nidhamu imerudi...tunahudumiwa vizuri hata kama hujulikani*) meaning “discipline is back to public servants”.... “we get quality service even when you do not know the service provider.” Ordinary citizens, seem to have a positive view on recent national developments. Even though they are yet to see any positive impacts as a result of Magufuli’s actions; citizens are hopeful that something good will indeed transpire in the near future. A telling example comes from an interview where a citizen shared the following: (Int.07052017): “People who are saying that there are difficulties getting money surprise me so much. As for me, I don’t see any difference between the period during Kikwete and this period. Those that are complaining that there is no money are the ones that used to be thieves. We are used to this situation.”

### 5.3 Reforms in the Party

In December 2016, President Magufuli as chair of the CCM pushed through major reforms to the party structure, which were geared towards improving efficiency, curbing corruption and taking the party away from the hands of few wealthy elites, and giving it ‘back to the people’. President Magufuli reduced the size of the decision-making organs of the party along with the frequency of their meetings. Thus, the NEC has been downsized from 388 members to 163 members, the CC has been reduced from 34 to 24 members and its meetings cut down from once every two months to once every four months. Magufuli also enacted a ‘One person one leadership position’ system (*kofia moja mtu mmoja*) which is relevant, for interviews with informants in Mwanza (including ward Councillors) revealed that in the past one person could hold up to five positions within the party. According to the interviewees, this not only affected representation in the party but also enhanced the power of informal networks as it allowed a few members of the party to wield inordinate influence over decisions and voting outcomes. The new system has been applied in the CCM internal elections and results for candidates

who were found to occupy double positions were nullified. This included district commissioners who wanted to become NEC members and government officials who wanted to become party leaders at both ward and district levels.

The actions of President Magufuli can be interpreted as an attempt to restructure the party in a way that it can be controlled more effectively. More precisely, he is bringing back an old structure that makes it easier to manage informal networks that aim to control the party and the government. He is attempting to create a unified party through adopting structural transformations that can facilitate disciplining 'deviants'. The reforms offer potentials for both co-optation and control of members in line with Magufuli's vision for the government and the party. There is a view that the size of NEC was increased during Kikwete's time to make it difficult for competitors to bribe the members. However, commentators and our research informants contend that Edward Lowassa managed to put most of the members on his pay roll. Although increasing the number of leadership positions in the party increases the ability to co-opt, it is also a resource-intensive option and, as the fate of the *Wanamtando* showed, potentially complex to manage.

In addition, there has been a process of leadership renewal in the party and to push aside some of the older faces. Although Magufuli has so far retained several other older faces in the top leadership of the party (including the secretary general and deputy chairman of the party) several new individuals have been co-opted into strategic positions. These include – but are not limited to – the Deputy Secretary General; Secretary of NEC, Secretary of Ideology and Publicity; as well as the party Treasurer. Interviews with informants from within the inner circles of the party, underline that it was necessary for Magufuli to undertake such changes in order to establish himself within the party, given the fact that he did not have a very strong footing among party circles. Others consider him as a stranger in the party but also one who does not trust the existing party networks because they compete with his reform project. Indeed, the observation can be made that some members of the party, including those who are still at the top leadership management, are not comfortable with the radical transformation that Magufuli is undertaking.

Speaking to the national congress, Magufuli underlined that it is better to have a few loyal party leaders rather than to have a large number of officials, some of whom “only jeopardize the party”. Magufuli asserted that the degree of informality in the party had weakened institutional structures and processes, examples of which included cropping up of unofficial leadership positions; vote buying during internal leadership elections; and the misappropriation of party resources. Affirming the need for change, the outgoing party chairman and former President Kikwete remarked that “there is no way out, the current situation calls for nothing but such sweeping changes to make the party stronger than it is now”.

Although at face value these changes are consistent with the CCM doctrine of 'self-criticism and self-correction' (*Umuhimu wa kujikosa na kukosana*) found in the party Guidelines of 1981<sup>24</sup>, one can contrast the impact of the party reform to the changes pioneered by Kikwete in 2011. These are popularly referred to as *kujivua gamba* (skinning off), for Kikwete increased the membership of the NEC to 388 members, to be elected from each and every administrative District in the country. Evidently, the increase of positions available for enticing individuals to be co-opted into networks is a frequently used strategy of political elites that resort to informal practices.

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<sup>24</sup> See Pius Msekwa's article in Tanzania Daily News, 2016, December 22.



## 6 Final reflections and implications

### 6.1 What does informal governance teach us about the prevalence of corruption?

Perhaps the most fundamental element needed to understand why corruption has remained so difficult to contain in Tanzania is the quasi-symbiosis between the state, the CCM and powerful business interests. This fusion of state, party and business interests is both the centrepiece and enabling mechanism facilitating a high degree of control over the access to and use of public resources on the part of informal networks of elites and their supporters. Because of this three-way merging of public, partisan and profit based interests, dominant informal networks smoothly cut across what we would distinguish formally as the public and the private realms, contributing to the pervasiveness of corruption.

The entrenched patterns of informal exchange among these groups, which result in a high prevalence of corrupt practices, are mediated by the role played by the hegemonic party as the primary gateway to access power, influence and resources. With the endemic blurring of boundaries between the public and the private sphere, between political and economic actors, between public and particularistic interests, "Corruption" is key to sustaining these political networks. Using political networks as the central unit of analysis, it becomes clear that the distinction between "informal" and "formal" itself becomes contingent on the specific context. Formal frameworks, such as public institutions, official procedures and legal norms, are underpinned and pervaded by informal practices. Formal governance systems are not irrelevant in this setting, on the contrary. The formal power vested in political office, for instance, is key to understanding why networks invest so many resources in accessing and maintaining political power.

However, the analysis of informal networks makes the concept of "implementation gap" highly problematic. The focus on an implementation gap implies that the problem of anti-corruption is the distance between the formal and the informal; i.e. the premise that informal values and practices need to be aligned more closely with formal norms and procedures to combat corruption more effectively. In this study it can be shown clearly that the key issue is not the distance between the formal and informal. The question is rather in what ways informal networks pervade and shape the formal. How are the formal and informal intertwined, and which effects do specific constellations have on the extraction of public resources for private or particularistic interests?

To illustrate, most grand corruption schemes mentioned in this report use formal public procedures, such as procurement regulations, that are tilted to benefit particular groups or networks. Indeed, some legal and regulatory frameworks follow the letter of the law but are set up to allow for greater control and exploitation by powerful networks – for instance when an anti-corruption body is answerable to the Office of the President, or a director of Public Prosecutions is appointed by the President. In these instances, the problem is far from being a problem of the "implementation gap". Perceived weaknesses of the formal framework are a *result* of the power of informal governance, not its cause. Practices of control, co-optation and camouflage mean that formal frameworks – irrespective of their quality – are neither merely a façade or a threat to informal networks; they are the condition for these networks to exploit public resources. As noted by other authors, the spoils of the (formal!) office are a huge incentive for informal networks to form and appropriate the power that this office holds.

This study indicates that until recently, political constraints and limits to anti-corruption manifested themselves in informal practices among power networks of political and business elites in order to promote elite cohesion, mobilise bases of financial and clientelistic support, and weaken opponents. This does not mean that informal practices cannot be oriented towards better anti-corruption results. The findings indicate that informal practices can also be mobilised around integrity and nation-building, depending on the values and vision shared by the networks. The cases in point include a greater section of informal practices during the national-building government under Nyerere, who instituted and strictly enforced anti-corruption measures both within the party and the government. These measures stand in great contrast to the era of Ali Hassan Mwinyi, where the 'floodgates of corruption' were opened. This exemplary juxtaposition points to two factors.

Firstly, structural context matters: under Nyerere, Tanzania was a one-party state with a centrally-planned economy. As a result of the frugal economic situation the opportunities for “gaming the system” were much smaller. In addition, the one-party state under the founding President Nyerere meant there was no institutionalised competition for political power, greatly reducing the need for powerful exchange networks.

Secondly, individuals matter; a point which will be made more strongly with regard to the present president. The overwhelming importance of Nyerere's personal authority and legitimacy has been made evident. Currently President Magufuli is also making a strong individual mark. His insistence on integrity and consistent enforcement of strict anti-corruption measures are showing quite remarkable results, although both the means through which he achieves these results as well as the effects of his regime are more complicated, as this report has shown.

Beyond these key insights, in the following sections specific findings from this report will be synthesised.

**Elections are central to the practices of informal governance.** Especially in reference to the competition for the CCM presidential nomination, the findings suggest that informal practices have been utilised as a tool to secure favourable nomination and election outcomes. Informal practices have ensured elite cohesion and helped securing much needed financial resources to fund electoral campaigns, buy votes and facilitate other activities geared at securing a positive electoral outcome. Thus, the networks which emerge and are consolidated in view to secure power at elections are intrinsically associated with political corruption. They are also associated with economic crimes as a result of the collusion between political and business elites to extract public resources; as well as embezzlement of large sums of public monies for purposes of engineering the electoral process and enriching members of the network.

**Informal governance involves managing both political and business interests.** Thus, at the highest level of political and economic power, exclusive groups consist of political figures and wealthy entrepreneurs whose identities are fluid: powerful businessmen are also often major political figures and key political players often command ownership over substantial business interests. From the bottom up a similar blurring of boundaries occurs: as an important example, local party cadres develop their own business concerns and local businessmen seek profitable positions within the party structure.

**Understanding the dynamics of informality entails changing the focus from individuals to networks.** The study concludes that understanding the role of informal networks (*Mitandao*) is key to explaining how things have worked in the party governance and government performance in Tanzania and also how significant reforms might be identified. Formal governance has been often undermined

or implemented through informal governance norms and practices, enacted by networks in the ruling party.

Tracing the ways in which the main networks developed and underpinned subsequent regimes, one surprising finding indicates how success in co-optation risks the networks becoming too complex and expensive to sustain. This is illustrated by the tensions within the *Wanamtando* in the course of trying to consolidate loyalty to the network through high-level appointments (enlargement of cabinet), exemptions and other privileges. These practices produced significant tensions and dissatisfactions given that business elites had invested their money by financing *Wanamtando* during elections and expected repayment after elections.

**There are changes underway.** Under President Magufuli, it is hard to deny the fact engaging in corruption has become risky, whether as an ordinary citizen or as a powerful governmental official. This raises two important questions; first, why has President Magufuli been able to take some steps forward in tackling corruption in Tanzania? Second, given the predominance of strong informal networks, whose interests are often threatened by effective implementation of anti-corruption measures, and what conditions allow President Magufuli and his government to implement such measures?

The research findings indicate that Magufuli was considered to be an ‘outsider’; someone who did not come from the strong networks within CCM. He was also regarded as a ‘unifying’ candidate, taking into account that the factions within the contending informal networks risked the polarisation and ultimately the downfall of the party.

Comparative analysis of success stories in implementing anti-corruption reforms suggests that it is important to have political leadership that is independent of the strong and dominant networks (Baez Camargo and Gatwa, 2018; Kupatadze 2018). This is one of the key points that – seen through the lens of informality analysis – gives credibility to President Magufuli’s anti-corruption crusade.

A politician of his calibre needed support from several political actors raises several questions, namely: what is his allegiance? Will he let them “eat” in exchange for support? Or can he re-train the network to adopt a different modus operandi? Do his appointments reflect loyalty to such networks?

The above questions point to a rather conceptual argument, namely, that informal networks do not have to be predatory in nature. Indeed, the findings of this study indicate that President Magufuli is struggling to uproot predatory informal networks within the ruling party and the government. To assume that it would be possible for President Magufuli to govern the party and the state without establishing his own networks is unrealistic. The important issue is whether the emerging informal networks are also predatory in nature. There has been a clear attempt to re-orientate informal networks towards integrity, hard work and delivering for national interests. Tangible changes in this regard are many, and evident by Magufuli’s efforts to create a culture of austerity in the public sector; displacing key players in the old informal networks; the corruption crack-down; clean-up of the public service; and the dismissal of government officials and leaders implicated in mismanagement or underperformance, regardless of whether they are his close allies or not (using the style of opening boils (*kutumbua majipu*). These efforts have made President Magufuli less popular among elites as indicated in the findings but he has maintained popularity among the majority of ordinary citizens.

Currently, more research is required to understand the way in which Magufuli’s informal governance regime is evolving and its effects on the legitimacy, legality and effectiveness of anti-corruption. At present, there are concerns about his authoritarian rule; whereas this may have brought about

remarkable results in terms of severing informal ties and political allegiances that previously resulted in impunity, it also has damaging effects on democratic voice and accountability – for instance where new laws are enacted constraining the media’s space. Whether his success in fighting corruption can be sustained and at what democratic cost remains to be seen. One pertinent lead to follow is his recent interest in building up his own networks, which possibly – and in marked contrast to the aims of previous regimes – may have a positive impact on anchoring his anti-corruption policies and values more broadly and sustainably. An analysis of his patterns of appointments and trying to find out on the basis of what criteria he manages his networks is a crucial topic that needs to be further explored.

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