

BTI 2014 | Tanzania Country Report

Status Index	1-10	5.45	# 73 of 129	
Political Transformation	1-10	6.05	# 60 of 129	➔
Economic Transformation	1-10	4.86	# 85 of 129	➔
Management Index	1-10	5.15	# 58 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	47.8	HDI	0.476	GDP p.c.	\$	1600.7
Pop. growth ¹	% p.a.	3.0	HDI rank of 187	152	Gini Index		37.6
Life expectancy	years	60.1	UN Education Index	0.454	Poverty ³	%	87.9
Urban population	%	27.2	Gender inequality ²	0.556	Aid per capita	\$	38.9

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

No major progress was made toward democracy in Tanzania during the period under review. However, the activities of civil society groups, together with members of some of the opposition parties tacitly supported by factions within the ruling party, have enhanced the framework for free opinion and demand for accountability. Further progress in democratization is dependent on external pressure that can only come from the international community. The country's overall socioeconomic development has continued to improve slightly. The elimination of corruption and bureaucratic barriers are crucial to maintaining growth and combating poverty effectively. The election results of 2010 underlined the continued stability of the mainland, although the opposition parties gained a substantial amount of votes vis-à-vis the ruling Revolutionary Party (Chama cha Mapinduzi, CCM), the party which has ruled the country now for 49 years. The Party of Democracy and Development (Chama cha Demokrasia na Maendeleo, CHADEMA) became the strongest challenger to the ruling party and seems to have garnered strength since the last elections.

There are still differences with respect to democratic politics between the mainland and Zanzibar. On the mainland (Tanganyika), government leaders are chosen in generally free, but not entirely fair, elections. There are, however, various factors limiting political participation to some degree. In contrast to the mainland, general elections in Zanzibar, in which President Amani Abeid Karume won against Seif Sharrif Hamad, have been neither free nor fair.

The separation of powers is assured, but the executive dominates. The judiciary functions relatively independently; it is regarded as inefficient and corrupt. International donors as well as local reform activists continue to criticize the government for its reluctance in taking the necessary steps to effectively fight corruption. Tanzania has an essentially stable party system that is dominated by the former state party. While the governing party is broadly anchored in society, opposition parties have yet to take sufficient hold in spite of some of their popular issues, such as corruption. Overall, the dominant position of CCM is in decline, but it nonetheless might be strong

enough to secure an election victory in 2015. The landscape of interest groups is sparse. The majority of citizens support democracy.

Tanzania is one of the world's least developed countries. It is heavily dependent on foreign aid and market competition is limited. The strength of the national economy fluctuates widely; there were some signs of improvement in recent years. Policies regulating price stability had shown positive results until the outbreak of the international financial crisis; Tanzania formerly had one of the lowest inflation rates in Africa. Currency policy has been less successful. Property rights are legally guaranteed in principle, but corruption and inefficiency limit its effective enforceability. A comprehensive program for privatizing state enterprises is underway. Tanzania lacks an efficient state network to combat poverty. Only the latest reform policy focusing on education and health appears to have reversed the decline of health and education indicators. For more than a decade, the country's GDP showed a remarkable growth rate of 5% or more, often exceeding 6%, even during the recent global economic crisis. The IMF regards Tanzania's macroeconomic conditions for further structural reforms as stable and favorable. Despite fundamental difficulties, the government is continuing to pursue strategic reform goals, particularly in the economic arena but less clearly in democratization. No major policy changes have taken place since the elections in 2010. The process of reconciliation in Zanzibar showed progress when the CCM and the Civic United Front (CUF) formed a Government of National Unity after the 2010 elections. Oil and gas production may promise new avenues for growth, but might also ignite new debates over the union of mainland Tanzania and Zanzibar.

Concerned with losing political power, the CCM has not wholeheartedly embraced political transformation. Issues such as political repression, police brutality, and excessive police force have become common social concerns. Some politicians are fueling religious unrest for political gain, with the potential for long-term negative consequences.

History and Characteristics of Transformation

An evaluation of transformation in Tanzania is complicated by the political partitioning of the United Republic of Tanzania (the union) into the Tanzanian mainland (formerly Tanganyika) and the two semiautonomous islands of Zanzibar (Pemba and Unguja), which each have their own constitution, parliament, government and budget. Developments have unfolded quite differently in these two parts of the country. On the mainland, the one-party system gave way quite peacefully to a multiparty system, while in Zanzibar transformation was marked by violent clashes and sustained repression of opposition parties, especially the Civic United Front (CUF). Zanzibar has remained an authoritarian regime within the Union. However, it should be kept in mind that barely 3% of the total population – less than half the population of the capital city of Dar es Salaam – lives under this authoritarian regime.

Political transformation was initiated by the union government (1991) after an internal dispute among the elite and controlled from above by the former single party, the CCM. This first phase of liberalization and democratization ended in 1995 when the established practice of single-party elections yielded to the first multiparty elections after more than 30 years of one-party rule. As this process unfolded, opposition voices in the party system and civil society were very weak at first, but grew more organized and articulate in their demands as top-down liberalization continued. A presidential commission appointed in 1991 advocated introducing a multiparty system in early 1992; even though more than 80% of the more than 30,000 citizens polled at that time expressed support for one-party rule, a majority also favored a greater participatory role for the public in the one-party system. Since the first multiparty elections in 1995, internal fragmentation has only weakened the opposition further, as shown by the former state party's decisive two-thirds majority victory in the 2000 elections and an even better result in 2005, with more than 80% of the vote. Elections continued to be significantly better organized on the mainland than in Zanzibar. In Zanzibar, the major opposition party, the CUF, twice denied victories in 1995 and 2000, won at the polling stations, while the results of the 2005 elections, won by the ruling CCM in Zanzibar by a narrow margin, were subject to dispute. The election results of 2010 were again contentious, but due to a pre-election agreement between the CCM and the CUF to form a Government of National Unity (GNU), no violence erupted as before and after previous elections. On the mainland, the election results confirmed the dominant position of the CCM (about 60% of votes and more than two-thirds of the seats), although the party lost about 20% of its votes compared to 2005, while CHADEMA made substantial gains and became the strongest opposition party with a share of about 25%. The CCM's losses can be blamed partly on very low voter turnout of only 40% of registered voters.

Since the 2010 election, CHADEMA seems to have made further gains as suggested by by-election results and growing dissatisfaction with the performance of the government. At the same time, the CCM is mired in an internal power struggle over the party's presidential candidate for the 2015 elections (the incumbent is not allowed to run again). The power struggle is linked to factional strife within the CCM in which the contending factions differ over how to deal with corruption, which is a key issue being addressed by the opposition.

The economic transformation of the formerly socialist-oriented, state-controlled economy began in 1986 with the first IMF structural adjustment program (SAP 1), but was implemented only erratically until the mid-1990s. Market reforms were pursued more consistently after 1995. Since then, and despite lingering resistance, progress has been made in privatizing state enterprises and in deregulating the economy. Furthermore, the rate of inflation was markedly reduced down to a single digit.

No severe economic crises have complicated Tanzania's journey toward democracy; in fact, the opposite is true. The second half of the 1990s brought relatively favorable growth rates, slowly rising to more than 6% and sometimes even more than 7% since 2001, despite weather-related slumps in some years. Nevertheless, despite a prolonged period of macroeconomic stability, reforms have fallen far short of overcoming the structural weaknesses of the Tanzanian economy, namely a heavy dependence on development aid and agriculture (much of it at the subsistence

level), and a limited diversification of exports. The government's relatively positive cooperation with the World Bank and the IMF, which has particularly praised Tanzania's macroeconomic management (especially its commitment to fiscal discipline), yielded a new Poverty Reduction and Growth Facility (PRGF) program in 2000. In 2001, Tanzania qualified for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative, and benefited from the Multilateral Debt Relief Initiative (MDRI) with major write-offs of multilateral debts in 2006. In 2010, the IMF approved a new three-year Policy Support Instrument (PSI) satisfied with the country's performance under the first PSI. In January 2013, the IMF, following its fifth review of the PSI, again commended the government for its performance in "prudent policy management" and making "progress in stabilizing the economy" and approving yet another PSI.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state monopoly on the use of force is established nationwide. Public safety and order are not assured everywhere. The increasing incidence of crime in Dar es Salaam has garnered public, official and international concern. The state's monopoly on the use of force is challenged primarily by violent crime, as well as skirmishes arising from socioeconomic conflicts over land and the grazing rights of semi-nomadic groups which sometimes escalate to the scale of tribal conflicts and spontaneous eruptions of violence and overreactions on the part of the police during demonstrations. Although these conflicts, which are socioeconomic in nature, have in the past primarily taken place in Zanzibar, are now more frequent on the mainland.

Monopoly on the
use of force

7

On the mainland, Tanzania does not have a problem with state identity. In a situation nearly unique in Africa, Tanzania has, for the most part, achieved a harmonious social integration of its different ethnic groups.

For the mainland, defining citizenship and who qualifies as a citizen is not a politically relevant issue, and questions about citizenship arise only in terms of the relationship between the mainland and semiautonomous Zanzibar.

State identity

8

The opposition in Zanzibar has launched an effort to achieve a greater measure of autonomy, but this political issue is linked with religious problems. Both governments and opposition leaders in Zanzibar, with a population that is 99% Muslim, want to join the community of Islamic states; but the secularly oriented government on the mainland (with a population of one-third Muslim, one-third Christian and one-third practitioners of native religions) has refused. Only a small, radicalized minority of Muslim fundamentalists in Zanzibar wants to form a religious state. Some of these groups in the past have turned violent, bombing tourist centers and state installations. Since the forming of the Government of National Unity (GNU) on Zanzibar, which was based on a compromise between the ruling CCM and the opposition CUF, peace was largely restored. However, a new radical Muslim group,

Uamsho (Awakening), clashed with the Zanzibar police during anti-union government demonstrations in May 2012, again in July 2012 and in September 2012. The call for a review of the constitution, finally accepted by President Jakaya Kikwete in 2011, sparked a debate over the union government as well. CUF leaders, although part of the union government, have been demanding more autonomy from the mainland (yet fall short of calling for complete independence).

The separation of religion and state is largely assured in Tanzania, but problems arise when some Muslims perceive themselves as victims of social discrimination with regard to access to public office and in education. In this context, radical Muslims have increasingly clashed with police and radical Christians in the capital Dar es Salaam. However, a majority of the religious elite, and possibly most of the population, is intent on cooperating with the government toward peaceful conflict resolution.

The perception of some Muslims that they are victims of discrimination is historic. Arabs arrived in Tanzania involved in the slavery and ivory trade; under German colonial ruler Karl Peters, those involved in the trade, especially as they could read, write and speak Arabic, were trained as regional administrators or “akidas.” Under British rule, this was dismantled as the British installed their own people, choosing instead missionaries and members of the church and dismissing the akidas, who were mainly Muslim. This swap resulted in an imbalance of representation within public administration and in education, as most of these posts went to those who attended missionary schools and/or colonial government schools.

Since independence in 1961, much effort has gone into trying to address this anomaly. However, religious tensions, especially between Christians and Muslims, are escalating; the tenor of contemporary debates clearly indicates that some constituencies, from both Christian groups and Muslim groups, are trying to use religion as a political platform. Working under the aegis of the Association for Islamic Mobilization and Propagation (Uamsho, or Awakening) and the Islamic Council, Islamic militants have engaged in violent acts in both Zanzibar and mainland Tanzania. At least 10 Christian churches were burned and properties were looted in Dar es Salaam, Mwanza, Kigoma, Bagamoyo and Zanzibar. In connection with a broader series of violent protests and events, police arrested the secretary general of the Islamic Council, Ponda Issa Ponda, and the leader of Uamsho, Sheikh Farid Hadi Ahmed.

Some Muslims have vowed to use force toward what they call a redressing of the Christian-oriented government system that currently works against them. A common perception among Muslims is that they have been short-changed by their Christian counterparts since independence, even though it was Muslim groups that spearheaded the struggle for independence.

No interference of
religious dogmas

8

The state maintains a basic infrastructure throughout the country. Administrative capacity however is weak and ineffective. Staff is poorly trained and often unprepared to carry out government goals; what's more, the administration suffers under political interference, a result of more than 50 years of one-party rule (despite, according to the constitution, the country's multiparty democracy established since 1992). As pay is low, administrative staff is uncommitted, often not accountable and susceptible to corruption.

Basic
administration
5

2 | Political Participation

Until 2010, general elections in Zanzibar have been neither free nor fair, and the government has lacked democratic legitimacy. Although opposition parties and civic groups have been able to organize and articulate their interests, as groups they were repressed by the state, sometimes on a massive scale.

Free and fair
elections
7

The political situation improved significantly however following the reconciliation agreement (Muafaka) of October 2001 between the CCM and the opposition CUF. As a result, political repression was eased, prisoners were released and most refugees returned. In 2003, by-elections for the mainland and Zanzibar parliament were upheld, although not without political tension. The 2005 presidential and parliamentary elections showed no substantial improvement over the previous contest. The 2010 elections however was a turning point, as the contest was held with little violence. This was attributed to the pre-election agreement (and constitutional amendment) between CCM and CUF leadership to form a Government of National Unity (GNU) after the elections. The question still remained over which party would head the government. Although there were some doubts about the official election's outcome, which gave CCM a tiny margin in front, CUF leaders accepted the result and joined the government.

Although the 2010 presidential and parliamentary elections were plagued by a number of management shortcomings, it was probably the least controversial election that resulted in major gains for the opposition. The ruling CCM party lost almost 20% of supporting votes and about 15% of its parliamentary seats; a result which was attributed to a drastic decline in voter participation. Election observers considered the elections outcome between "free and fair" and "free, but not fair."

By-election results on 4 April 2012 in Arumeru East, a contest won by CHADEMA, were seen as an indication that the ruling CCM continued to be on the decline, even despite the misuse of state resources in favor of the ruling party's candidate. This view was supported by opinion polls taken in 2012, which showed that dissatisfaction with the government's performance was clearly increasing among the electorate, compared to similar polls taken in 2008.

At the same time, there is the increasing concern among opposition parties, the media and human rights groups that repression following electoral contests is growing.

Elected leaders have full power to govern, and the role of the military is muted. For a number of decades the political elite has followed a clear policy to co-opt the military leadership, down to the middle ranks, and effectively integrate them both ideologically and politically into the ruling party, using material privileges to do so for the army.

Effective power to govern
8

The government limits citizens' rights to assemble peacefully. Rally organizers are required to obtain police permission in advance, which can be denied on various grounds. The police interferes with these rights, particularly at political rallies and demonstrations during election and by-election periods. During the period under review, the CHADEMA party ignored several official bans on demonstrations, and the police reacted with unprecedented violence, detaining leaders of the leading opposition party and shooting several demonstrators.

Association / assembly rights
6

The government has decided that the police must issue permits for legally constituted bodies (such as political parties) and/or officials (such as members of parliament or councilors) to assemble, meet their voters or host a rally. In practice, the police is often not informed of an event and they are not the permit issuing authority.

The country's constitution provides for freedom of speech, but does not expressly provide for freedom of the press; in practice, the government occasionally limits these rights while the semi-autonomous government in Zanzibar limits rights more often. There are approximately 13 daily newspapers on the mainland (two owned by the government; one each by CCM and CHADEMA), but only one newspaper is owned by the government on Zanzibar. The law limits the media's ability to function effectively. Print media has been subject to considerable government restrictions, including the enforcement of a code of ethics. However, the mainland government allowed political opponents access to the media (e.g., the newspaper of the major opposition party, CHADEMA's Tanzania Daima, is published daily as are some other opposition papers). In Zanzibar the media's access to government information is much more curtailed.

Freedom of expression
6

Independent political and civic groups – weak even by African standards – can form freely but are occasionally restricted by undemocratic interventions. Freedom of opinion is assured in principle, but media that criticize the government are occasionally subject to retaliatory harassment including intimidation, vandalism of editorial offices, prohibitions on publication and advertising bans. A number of journalists were also arbitrarily arrested by the authorities during the period under review. In December 2011, for example, the editor of the Tanzania Daima and the executive director of Mwananchi were arrested by the police on alleged grounds of

publishing a seditious article on the security forces. Both were released on bail shortly afterward.

The beating and torturing of Stephen Ulimboka, the leader of striking medical doctors, the closure of the Mwanahalisi newspaper, which reported the incident, and the killing of Daudi Mwangosi, a journalist critical of the government, had the impact of “creating fear” within the press and the citizenry.

3 | Rule of Law

The advent of multiparty democracy has forced the parliament to reclaim its role in the government’s separation of powers. This has made the executive more conscious of the legislative branch.

Separation of
powers
6

The separation of powers between the executive and legislative branches is fundamentally assured, but the executive clearly dominates. The constitution demands that – on recommendations – the president appoints the chief justice (head of the judiciary branch); the speaker (the head of the legislature) comes from the party with the most votes in parliament. Despite its absolute majority in parliament, the CCM-led government does not always recognize the legislature in its constitutional role; instead, parliament takes a back seat to party committees, as seen in the debate on the report of the presidential constitutional commission. On the other hand, parliament has also decisively voted down bills proposed by the government.

The judiciary has much more to do internally; for example, there are constant accusations of corrupt practices, and delays in handing down judgments.

The judiciary functions relatively independently, although it suffers from a significant lack of resources, a very heavy workload and the lingering suspicion on behalf of the populace of corrupt practices when dispensing justice; it is regarded as inefficient to such a degree that it is questionable that the system can provide an expeditious and fair trial. Its structural weaknesses contribute to a reduction of its independence, functionally and financially. Corruption, virulent at lower administrative levels as well as among government officials, poses a serious problem. In 2007, a bill to prevent and combat corruption was passed in parliament. The act transformed the largely ineffective Prevention of Corruption Bureau (PCB) (on the mainland only) into the Prevention and Combat of Corruption Bureau (PCCB) with extended investigation powers. The PCCB has 24 regional offices and an office in every district on the mainland. Although the law was publicly welcomed as a positive approach in the country’s anti-corruption strategy, little has changed since then.

Independent
judiciary
6

In general, corrupt officeholders are not adequately prosecuted. The creation of the Prevention and Combat of Corruption Bureau (PCCB) can hardly be considered a more serious attempt at fighting corruption at all levels, although some government

Prosecution of
office abuse
4

officials have since been brought to court. The bureau has not prevented many government officials getting involved in wide-reaching corruption scandals. The fight against corruption was a major issue of the 2010 election campaign, with the issue forced upon the ruling party by opposition voices. The leading CCM party is divided on the issue, as fighting corruption means taking on vested interests within the party and in the government.

There is little accountability within government offices. Government officials estimate that each fiscal year corruption is responsible for about a 20% loss from the government's budget.

The permanent secretary in the Ministry of Energy and Minerals was accused by CCM members of parliament to have ordered relevant authorities and departments under his supervision, such as the Tanzania Electric Supply Company, the Tanzania Petroleum Development Corporation and the Energy and Water Regulatory Authority, to contribute funds toward bribing members of parliament to support his ministry's budget requests. Particularly in the energy and mining sector, matters over land and investment are prone to corruption. In May 2012, the president dismissed six ministers and two deputy ministers who were allegedly involved in issues of corruption or mismanagement within their ministries. The sacking came in response to public pressure, after the publication of the annual general report of the Office of the Controller and Auditor General, which named the ministers. Yet no official prosecution was forthcoming.

In general, under political or popular pressure following accusations of corruption, officeholders may be asked to resign or may be dismissed. Beyond losing their office, however, officials rarely suffer other punishment; the ex-official may lead a "normal" life, just minus their position. Any potential wealth accrued from the alleged activities is retained; thus there is little to dissuade officials from involvement in corrupt practices.

Civil liberties, in particular the freedoms of assembly and human rights while in police custody, are occasionally violated. In Zanzibar, these rights are severely limited and sometimes massively violated. Three factors contribute to this: the heavy-handed manner of the police and other security organs, specifically the intimidation of citizens; the low expectations on behalf of the populace regarding the judicial system's performance as a result of corruption; and the absence of civic education means that citizens are generally unaware of their rights and often do not know where to submit grievances.

Lower courts are seen as corrupt and inefficient, although because of personnel and space issues (a lack of hearing rooms, poor record keeping systems) they are essentially overburdened with cases. These administrative deficiencies limit a citizen's ability to seek redress for violations of basic freedoms. Distrust of the police

Civil rights

6

and of the legal process in general has often led citizens to take the law into their own hands.

There is no government restriction on the Internet, although the government does monitor websites that are critical of the government. The government does not restrict academic freedoms or cultural events.

4 | Stability of Democratic Institutions

For the most part, democratic institutions on the mainland fulfill their intended functions, mostly as the governing party still holds an absolute majority in parliament; problems arise primarily from inefficiencies in the systems of administration. In principle, all the relevant actors accept democratic institutions, and there are no strong or specifically anti-democratic veto powers.

Performance of
democratic
institutions

6

In Zanzibar the situation is different; there, the formally democratic institutions do not function as intended but within an authoritarian framework. With the formation of the Government of National Unity (GNU), the system has become more liberal but is still far from democratic. Despite addressing political challenges successfully, the coalition of the GNU has created new problems. The total lack of opposition voices in the House of Representatives in Zanzibar reduces control and oversight functions to a bare minimum.

The national unity government, dominated by the CCM party, continues to control the media, especially radio and TV, as well as the only daily newspaper in Zanzibar, although private newspapers from the mainland have become available to the public. Media coverage of the former opposition party, the CUF, has improved, but state-controlled media outlets continue to cover CCM activities favorably. It is still more difficult to register a NGO on the islands than on the mainland. While the Prevention and Combat of Corruption Bureau (PCCB), active only on the mainland, registered more than 3,400 allegations of corruption in 2011, there were no such cases filed with the responsible authorities in Zanzibar.

Most democratic institutions are accepted as legitimate by most relevant actors. Individual state institutions are not always sufficiently accepted by all relevant actors, as even government officials occasionally feel a greater obligation to the former and current state party than to the legislature.

Commitment to
democratic
institutions

6

This assessment does not apply to Zanzibar, where the CCM-led government was forced by the mainland government to accept democratic institutions and a compromise with the former opposition. Whether this has been basically changed with the new national unity government is still an open question, and can be answered only after the next elections.

5 | Political and Social Integration

Tanzania has an essentially stable party system, clearly dominated by the former state party, which since the reintroduction of multiparty elections in 1995 has garnered at least about 60% of votes cast and two-thirds of the elected official positions in all parliamentary elections. Hence, one could classify the party system as a dominant-party system, as there are strong indicators of a high degree of institutionalization, despite that not all the elections were truly free or fair. There are few differences distinguishing between party platforms, and the opposition is fragmented among five parties in the legislature. These parties are heavily personality oriented (“big men”), and have been split by internal battles that have repeatedly resulted in membership and leadership realignments. None of the opposition parties was able to field candidates for all constituencies of the parliamentary elections in 2005, while CCM candidates covered all regions. At the same time, the party system is polarized, especially between the CCM and CHADEMA, which emerged as the strongest opposition party in 2010. CHADEMA won around 40 seats (from 11 in 2005). Their presidential candidate managed to win about 26% of the popular vote despite standing for the first time as a presidential candidate. The CUF, the second strongest opposition party, has its major stronghold in Zanzibar, especially on Pemba. CUF boycotted the Zanzibar parliament several times, and occasionally the mainland parliament as well, but has now joined the CCM in forming a Government of National Unity on the islands. While the governing party is broadly anchored in society, opposition parties still show shallow roots and high voter volatility. However, in the last elections even the ruling party experienced a substantial loss of votes (close to 20%).

According to recent by-election results and opinion polls, the ruling CCM party appears to be losing ground while CHADEMA is gaining. High-level corruption case in the government ranks, mismanagement, poor services and little distributive effects of continued high growth rates contribute to widespread dissatisfaction with the CCM government. According to the Afrobarometer (2012), “nine out of 10 Tanzanians say government has performed poorly to keep commodity prices down,” and “eight out of 10 disapprove of efforts to narrow gaps between rich and poor, improve living standards and create employment.”

Factional strife within the ruling party over the nomination of a presidential candidate for the elections in October 2015 has exacerbated problems. However, most observers do not expect a major change of the party system, but that CCM dominance will continue at least until after the next elections.

Interest groups are sparsely represented in civil society. Trade unions are weak, and though they have managed to free themselves from dependence on the former state party, they cannot yet be considered a fully independent force, save for some

Party system
6

Interest groups
4

constituents such as the Teachers' Trade Unions (TTU), which often has demonstrated the capacity to organize and act. Farmers do have their own political interest group, while cooperatives are discredited and see themselves as purely economic organizations. Business interest groups maintain close links to the ruling party and the government.

Civil society organizations are prohibited by law to engage in political activities, yet it is still unclear – thus open to arbitrary interpretation – what this means. Despite their growing numbers most organizations share one characteristic, namely dependency on donor money. They are weak in terms of organization, advocacy and lobbying skills. Their relationship with political parties is very fragile, mostly because the law forbids members from politicking. Most organizations are involved in issues concerning human rights, democracy, women and gender, civic education, environment and so on.

According to the Afrobarometer survey, support for democracy has declined from approximately 85% in 2000 and one of the highest percentages in Africa to 38% in 2005 (in response to the statement, “democracy is preferable to any other kind of government”), but recovered to 71% in a 2008 survey. At the same time, support for multiple political parties declined from 67% (2002) to 52% (2005) and remained at 51% in 2008. About 62% (2000) were satisfied with the way democracy is working; this figure declined to 37% in 2005, revealing an increasing dissatisfaction that has since changed. About 71% were fairly or very satisfied with the functionality of democracy in 2008. There is no more recent data available. The Afrobarometer survey of 2012, which addresses citizens' livelihood and macroeconomic details, clearly shows an increasing dissatisfaction with the government but whether this translates into dissatisfaction with democracy remains unclear.

Approval of
democracy
5

The low level of participation in the 2010 elections, in which only 40% of registered voters participated, may indicate that dissatisfaction with government is increasing. Political protests do not call the regime or its constitution into question (apart from Zanzibar, where small minority groups reject the authoritarian regime). All in all, support for democracy seems to be on the wane; in a referendum aimed at establishing a multiparty democracy, 80% were against multiparty democracy and only 20% were for it.

The Nyalali Commission, which oversaw the referendum, recommended nationwide and continuous civic education for the citizenry.

Self-organization in Tanzania has thus far been limited to elitist and urban-based groupings that are out of touch with broader society. This isolation makes them vulnerable to the state's accusations that they lack national authenticity, which deprives them of legitimacy in the eyes of the society they purport to serve. Therefore, civil society groups are politically weak but have been able to consolidate themselves,

Social capital
5

and, given the weakness of the political opposition, they have a certain importance in public life. Nevertheless, most NGOs are elitist and urban-based, and depend financially and politically (for protection) on international bodies. Christian churches and church-related organizations, together with the Muslim Council, play a relatively prominent role in this respect, although militant representatives of religious organizations have contributed to mounting tensions between religious communities and are directly responsible for violent clashes.

Civic organizations are concentrated in the urban centers, where they seek to fulfill an important monitoring function. People organize themselves informally rather than relying on public or formal organizations or the state to improve their situation. For the majority of the rural population, most of whom are farm laborers, the close informal networks of extended families still provide the social capital to balance challenges that emerge from economic, social and natural disasters.

According to the Afrobarometer 2008 survey, social trust in Tanzania is not particularly high; Tanzanians claim to distrust people they do not know at a rate about 11% higher than the average of other African countries.

II. Economic Transformation

6 | Level of Socioeconomic Development

Tanzania is one of the world's least developed countries; it is heavily dependent on foreign aid and market competition is limited. The strength of the national economy fluctuates widely, depending heavily on changing weather conditions for agriculture. Key development indicators show an exceptionally low level of development. In 2011, Tanzania ranked 152nd of 187 evaluated countries on the HDI. Social exclusion is quantitatively and qualitatively extensive and structurally ingrained. A high percentage of the population lives in absolute poverty, with 33.4% below the national poverty line (2000-2009), and 67.9% living on less than \$1.25 a day (purchasing power parity, or PPP; 2000-2009). At an increasing rate the gap between the very few rich and the very many poor is widening. Tanzanian women live in relative deprivation, ranking 119th out of 146 evaluated countries on the United Nations Development Program's (UNDP) Gender Development Index (GDI) 2011. Despite comparatively low-income disparities, indicated by a Gini index of 37.6 (2000-2011), which increased, Tanzania's level of development permits freedom of choice only for a tiny minority of the population.

Question
Score

Socioeconomic
barriers
3

Economic indicators		2009	2010	2011	2012
GDP	\$ M	21368.2	22915.0	23874.2	28248.8
GDP growth	%	6.0	7.0	6.4	6.9
Inflation (CPI)	%	12.1	6.2	12.7	16.0
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	4.5	4.5	4.6	-
Export growth	%	15.5	18.5	27.5	-
Import growth	%	14.1	14.4	47.9	-
Current account balance	\$ M	-1809.9	-1960.1	-3992.2	-3639.8
Public debt	% of GDP	32.6	37.7	40.0	41.4
External debt	\$ M	7624.2	8987.0	10043.7	-
Total debt service	\$ M	164.6	198.3	150.5	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	17.5	16.1	16.4	-
Public expnd. on edu.	% of GDP	-	6.2	-	-
Public expnd. on health	% of GDP	3.7	2.8	2.9	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.0	1.1	1.1	1.1

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Market competition fundamentals are limited in Tanzania; they operate under a weak institutional framework. Despite market liberalization and privatization of the former socialist economy during the 1990s, the government exerts still substantial control of the market and there is sometimes discrimination against market participants. Price controls are still applied in the agricultural sector. Labor regulations are not efficient. The informal sector contributes a significant, but difficult to quantify, share of economic activity and subsistence farming is common in rural areas.

Market-based
competition

5

Combating monopoly formation is not among the economic priorities in Tanzania, although there are no obvious indications that it should be. Fair trade legislation is in place and was reformed in 2003 by the Fair Competition Act, which established a Fair Competition Commission. Still, national rules seriously restrict the freedom to start and operate a business. Credit allocation follows largely market rules, and various commercial credit instruments are available.

Anti-monopoly
policy
5

There are a number of state monopolies in public services, for example: water resource management, port management and operation, power distribution and railways. These authorities are prone to corruption and a high degree of mismanagement and inefficiency. No major improvements have been observed during the period under review.

As an active member of the WTO, Tanzania aligns with positions of the group of least-developed countries (LDC) in the African, Caribbean and Pacific Group of States (ACP) members. As a founding member of the East African Community (EAC) the country is undertaking trade liberalization within this custom union, and applies the EAC Common External Tariff (CET). According to the WTO, Tanzania bound 13.5% of its tariffs lines, with ceiling rates of 120% for both agricultural and non-agricultural products. During the period under review, Tanzania continued to implement a customs modernization strategy. Regional trade flows have increased significantly since 2006.

Liberalization of
foreign trade
6

At the EAC level, a number of regulations was adopted to harmonize members' trade policies vis-à-vis third countries. EAC countries' multiple memberships in regional economic communities (Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA)) continue to provide the main impediments to full harmonization. Tanzania grants tariff preferences on a reciprocal basis to SADC members.

Tariffs, down from an average 15.4% in 2000 to 7.2% in 2006, rose again to 10.2% in 2009 and then fell to 8.2% in 2012. Trade barriers in general have been reduced substantially but remain a problem due to non-tariff issues, such as inefficient customs and port authorities. Such problems indicate a high degree of protectionism. The extremely dense thicket of regulations governing foreign trade was streamlined considerably under a structural adjustment program.

EAC members are granted preferences in trade with the European Union under the Economic Partnership Agreement (EPA). However, negotiations for a comprehensive EPA are ongoing. Tanzania concluded bilateral treaties for the promotion and protection of foreign direct investment with a number of EU members.

As the WTO reports in its last trade review (2012), customs reforms had a positive impact on trade facilitation and revenue collection. Cargo clearance times improved compared with the results of the 2009 time release study: in June 2011, the clearance

time from arrival of cargo to removal was 12 days at the Dar es Salaam Port (down from 15 days), and five days at Julius Nyerere International Airport (down from seven days). However, the cargo clearance time across land-border stations increased from two to three days.

Despite an official commitment by the government toward liberal market policies and foreign investment, within the state administration and the ruling party on different levels, as well as in wide swaths of society, there is obviously a growing hostility toward foreign business due to the perceived “sell out” of Tanzanian enterprises, in the form of privatization and foreign investment mainly to (white) South Africans. This is partly caused by an uneven application of rules between Tanzanians and foreigners, and “illiberal” differential access to benefits between the two that have accrued from business transactions in favor of foreigners.

Since the privatization of state banks, 45 commercial banks have been registered (as of 2011) of which the majority is foreign-affiliated. The private capital market is exceptionally small with only a small, although slowly increasing, number of companies listed on the stock exchange.

The banking sector has increased liquidity, witnessed an upsurge in deposits and loans and experienced higher asset growth during the period under review. Three banks control about 40% of the banking sector: the Federal Bank of Middle East (FBME), the National Micro-Finance Bank (NMB) and CRDB Bank; they account for 45% of loans, 48% of assets, 52% of deposits and half of the industry’s employees. Seven other banks control another 40% of the sector.

According to the Central Bank of Tanzania, the country’s banking sector has remained “strong, stable and robust” due to reforms in 2009, when the Financial Sector Stability Department (FSSD) and other reform programs were established. Tanzania’s domestic interest rates have oscillated between 16.5% (October 2012) and 15.5% (December 2012).

8 | Currency and Price Stability

The government’s price stability policy has experienced a retreat in positive results. Monetary policy previously was largely controlled by the IMF, and by 2002 the rate of inflation was reduced to 1% with nearly all price controls lifted and without having to excessively tighten monetary policy. This figure was one of the lowest inflation rates in Africa. But since then inflation has been inching up, to 13.5% in 2008 but then fell again to 5.6% (2010, consumer prices). However, in 2011 inflation soared to 19.8% yet is estimated to fall to 12.1% in 2012. The recent decline was caused by higher food production, falling oil prices on the world market and tighter monetary

Banking system
6

Anti-inflation /
forex policy
6

policies. The IMF is optimistic that the country's inflation rate can be reduced to single digits by July 2013, following the implementation of monetary policies.

Currency policy has had mixed results. Because of a persistent foreign trade deficit and variable international transfers (such as development aid), the shilling has fallen steadily since 2006, apart from a short recovery in early 2008, relative to the U.S. dollar. However, during the review period the exchange rate remained comparatively stable, at about TZS 1,600 to \$1, thanks to tight monetary policy.

The government generally exercises strict discipline in its fiscal policy through a cash budgeting system and as a result, the IMF and the World Bank regard Tanzania's macroeconomic setting for further structural reforms as stable and favorable. The budget deficit remains moderate. Only in 2006 was debt reduced by a substantial write-off to \$4.2 billion, equivalent to an estimated 30% of GDP, as part of the Multilateral Debt Relief Initiative. Growing international financial confidence in the country's macroeconomic stability is indicated by several events. In 2006, Tanzania's PRGF expired, and since the country no longer needed IMF financial assistance, it was replaced by a Policy Support Instrument (PSI) which gained a favorable review by an IMF mission in 2007, in 2010, and again in January 2013. (A PSI is designed for low-income countries that may not need IMF financial assistance but still seek close cooperation with the IMF in preparation and endorsement of their policy frameworks). The 2013 PSI fifth review and the first review under the precautionary Standby Credit Facility arrangement commended the Tanzanian authorities for their "prudent policy management and progress in stabilizing the economy. The overall macroeconomic outlook remains favorable, with buoyant growth and declining inflation. Continued tight fiscal and monetary policies are crucial for securing sustainability."

Macrostability

7

9 | Private Property

Property rights and property acquisition are legally guaranteed in principle, but corruption and inefficiency within the judicial system limit their effective enforceability. Landownership is regulated by the Land Act of 1999, which upholds the principle of "rights of occupancy under government leaseholds." This means land is owned by the government. However, it may be leased for up to 99 years, subject to approval by government authorities. There is an informal system of land distribution in urban areas, which is insecure and causes much dispute.

Property rights

6

Due to corruption and unfair application of the law, Tanzania is rife with disputes over land, and some disputes have escalated to violent, even deadly, levels. Politically, some land disputes are categorized as "land conflict between farmers and pastoralists."

A comprehensive program for privatizing state enterprises began in the early 1990s. After a very slow start, the pace increased so that by 2001, around 75% of some 395 state enterprises were privatized. However, the privatization of large infrastructure operators – such as for telecommunications, electricity services, railways, port authorities – has slowed and is still incomplete. In 2007, efforts were made to privatize some of the remaining parastatal organizations. The privatization of the Tanzania Railways Corporation (2007) to a state-run Indian investor (Rites) failed in 2010. In 2011, the government attempted anew to sell 51% of the company. The sale of the National Insurance Corporation (NIC), although fiscally sound, was not successful. This again raised doubts about the government’s commitment to privatization.

Private enterprise
6

10 | Welfare Regime

Because of insufficient financial resources and administrative shortcomings, Tanzania essentially lacks an efficient state network to combat poverty. Basic education and health care systems leave many gaps in coverage. Tanzania’s health and education indicators – once relatively favorable for an African country – have long since hit bottom. The negative trend, indicated by sinking life expectancy and school attendance and a growing illiteracy rate, persisted into the end of the 1990s, despite structural adjustment policies and economic growth. As of 2010, about 27.1% of Tanzanians are illiterate. The most recent reform policy to focus on education and health appears to have turned the tide, as the number of primary schools, teachers and pupils (although less so in secondary schools) has risen substantially, although the overall quality of the education system is considered to be poor and declining. All these issues have become a matter of public debate. Net primary enrollment ratio is up from 49% in 1991 to 94% in 2010. However, the quality of teaching, the state of classrooms and equipment and other amenities are still substandard.

Social safety nets
4

A number of institutions work to compensate for the country’s gross social differences, although much of their work is still insufficient. In rural areas, family, clan or village structures still provide a form of social security. However, drought or other climatic calamities stress these systems, as well as negatively affect food production. In addition, structural economic reforms have also had a negative effect on these “security nets.”

Tanzania’s constitution prohibits gender-based discrimination, but legislation has yet to be adjusted to support this constitutional principle. Customary laws and Islamic Shari’ah laws strongly support gender-based discrimination. In general, legal protection for women remains limited. One reason for this is that Tanzania’s judicial authorities take into account both customary and Shari’ah laws. Fewer women than men have access to higher education. This is partly due to rural traditions (which are partly ingrained in religious beliefs) in which male children are considered more of

Equal opportunity
4

an economic asset than women. Only women who come from privileged families and live in urban areas have access to higher education and public office. Although 36% of parliamentary members are female – a comparatively high percentage – this does not reflect the overall status of women in Tanzanian society. In fact, the high representation of women is almost entirely due to a fixed quota provided by the constitution, not based on electoral success in single-member constituencies. As part of the UNDP gender inequality index, Tanzania was ranked only 119th out of 145 evaluated countries in 2011.

There is no evidence that any particular ethnic group is being discriminated against purely because of its ethnicity.

11 | Economic Performance

Since 2008, the country's GDP showed a remarkable (at least for Africa) sustained growth rate of more than 6%, even despite the world financial and economic crisis (2008: 7.4%, 2009: 6.0%, 2010: 7.0%, 2011: 6.5% and 2012: 6.5%, projected). However, Tanzania remains heavily dependent on foreign aid. After a period of price stability, inflation rebounded, and the current account balance has remained structurally negative. Foreign exchange reserves (excluding gold, which is mined in Tanzania) increased quite substantially from 2000 to 2006, but declined slightly before recovering again in 2008. Per-capita GDP is still very low at \$1,328 in 2011, a rise from \$1,141 in 2006.

So far, economic development has had little effect in alleviating on the country's deeply ingrained poverty. Current economic growth rates are still considered insufficient for meaningfully reducing poverty levels. According to the 2005-2010 National Strategy for Growth and Poverty Reduction (NSGRP, Swahili: MKUKUTA), reducing poverty substantially requires not only growth rates of 8% to 10% but also a much longer period of implementation. When the 2011-2015 MKUKUTA was launched, reviews of the previous strategy identified several crucial shortcomings, including: the weak link between growth and employment (the creation of jobs in particular) being the main factor for the slow reduction in income poverty; insufficient attention (not to mention funding) given to the nexus of poverty, population and the environment; a lack of local processing resulting in most of Tanzania's minerals being exported in a raw state; and a dearth of local processing in agricultural products.

The potential of the national economy is relatively lacking, in part because of climatic conditions and the dominance of the agricultural sector (45%), to which there is still no legitimate alternative. A booming and fast-growing mining sector, mainly in gold, has shown growth rates of more than 15% from 2000-2007, but contributes about 3% to GDP (2012). The government wants to expand mining's share of GDP to 10% by

Output strength
6

2025. The formal labor sector is small; only about 12% (2006) of the total labor force is involved in formal employment, and the official (formal-sector) unemployment rate was at 4.3% (2006). For 2011, the estimated unemployment rate was 10.7%. It is generally assumed that a majority of the population is essentially “employed” or involved in the agricultural production, engaged in subsistence farming on small plots of land.

12 | Sustainability

Environmental awareness is minimal, though growing slightly in urban areas. The government adopted a National Environmental Policy only in 1997, which was translated into the Environmental Management Act passed by parliament in 2004. It also became part of the National Strategy for Growth and Reduction of Poverty (NSGRP) of 2005. The policy and the act were both donor-driven; yet, little is known about the implementation of the regulations. The impression is technocrats (by extension, also the people) exhibit a minimal awareness of environmental protection. The rate of natural resource degradation is alarming, and concerns in general land degradation, deforestation, the degradation of aquatic ecosystems, a lack of clean drinking water and adequate sanitation, and a loss of wildlife habitats and biodiversity. Environmental degradation particularly affects the poorest strata of society (with regards to health, malnutrition, economic vulnerability) and is an important constraint to growth to aid these populations. Key economic sectors such as mining, energy, agriculture, tourism, wildlife, forestry and fisheries are based on natural resources. Market and policy failures linked with corruption lead to unsustainable extraction of resources (e.g., wildlife, forests and fish).

Environmental
policy
3

Public expenditure on education amounts to 6.2% of GDP (2010), down from 6.8% (2008) but significantly up from 2.2% (2002-2005). As a result, net primary enrollment percentages rose from 59% in 2000 to 94% for students 7-13 years old in 2011, according to UNICEF figures. The abolition of primary school fees in 2001 contributed to this positive development.

Education policy /
R&D
3

However, the quality of education has not been similarly improved. Average classroom size rose to 66 students in government primary schools in 2011, yet the number of trained teachers has not increased to meet rising demand. The student-teacher ratio is 49 to 1. These numbers reflect the average, which disguises major regional differences. The negative quotas of traditionally poorer regions in central and north western parts of the country (e.g., Tabora and Mwanza) are higher than for richer regions such as Kilimanjaro.

A serious public debate continues over the quality of the school system, which also has negative effects on the higher education.

There exists no high-quality institution for education and training or for research and development; even many students who have attended school are still functionally illiterate. The standards at the University of Dar es Salaam, the biggest institution for higher learning (there are two other universities, formerly colleges), seem to have declined further.

The number of privately owned universities has increased. Most such institutions are owned by faith-based organizations. The quality of education they provide seems to be fair and sustainable, yet it is not affordable for all Tanzanians.

Transformation Management

I. Level of Difficulty

Tanzania's very low level of economic and social development, weak basic market economic structures, poorly educated populace, scant civic traditions, inefficient state administrative systems and only moderately established rule of law presented extremely adverse conditions for continuing the transformation process at the start of the period under study. On the other hand, positive factors include the broad support accorded to the government and an absence of serious ethnic disparities (a degree of national identity and integration that is comparatively high for Africa) – at least related to the mainland, Tanganyika.

Structural
constraints

7

As regards the union of Tanganyika and Zanzibar, new problems have arisen due to increasing demands from the Zanzibari side for more independence from the mainland and even, more hidden, for separation. This issue is fuelled by expected oil and gas finds offshore Zanzibar, and also ignited by the debate about the review of the constitution. Religious issues are also used in the debate as Zanzibar has an almost completely Muslim population, while the mainland is perceived as mainly Christian, despite its high share of Muslims, particularly on the coast, but also upcountry.

The country has a rudimentary modern physical infrastructure, which is stressed by heavy use, meaning that renewed investment in road construction is necessary every few years. One major infrastructure improvement, undertaken in 2003, was a bridge crossing the Rufiji River and linking the southern parts of the country to Dar es Salaam throughout the year.

The HIV and AIDS epidemic has negatively affected life expectancy and infant mortality; life expectancy declined from 53 years (1993) to 45.9 years (2004), but has recovered in recent years with an average of 58.2 years (2011). The adult infection rate is at 5.9% (2009) down from 6.5% (2005). This success is partly due to the government's national plan to combat the disease since 2001.

Despite fundamental structural difficulties, the government is able to pursue its transformation strategy with ever-increasing consistency and resolve. In the economic arena, the government achieved a measure of stability through (still inadequate) political reforms. It has also grown more adept at managing multiple

institutions. However, the government has failed to combat structurally ingrained corruption, make any serious attempts to transform the economy toward a more industrial focus or increase job creation. Additionally, the union question is still an unsolved challenge to statehood and security on Zanzibar.

The impetus toward self-organization within civil society faces an array of social, economic, political and cultural barriers, stemming from unfavorable recollections of the mass organizations in Tanzania's socialist past. The one-party-state era saw no need for independently organized civil society organizations, as youth, women, workers and other cooperative movements were all organized as party wings.

Civil society traditions

7

Due to the dominance of one party in government since independence, the country has one of the weakest traditions of civil society organizations on the continent.

In most cases, self-organization makes up for the lack of services that should be provided by the government. Legislation prohibits civil society organizations from being "political," criteria that remains hazily defined.

By far the most difficult challenge for the government has been the political confrontation in Zanzibar, a situation rooted in historical social and cultural conflicts that has forced the issue of the country's union and hence the issue of state identity to the foreground. With the formation of the Government of National Unity (GNU) on Zanzibar, the conflict has been temporarily tamed. However, expected offshore discoveries of gas and oil as well as the debate over the review of the constitution have contributed to a revival of questioning the union of Zanzibar and Tanganyika (mainland Tanzania). Islamic radicals demanding complete separation, although a minority position, have exacerbated the situation.

Conflict intensity

5

Another indirectly related problem is the growing social and religious tensions and conflicts between Muslims and Christians.

Yet another area of conflict involves land allocation and land use. There have been flare-ups in tensions between government authorities and residents in urban areas over the reallocation of land for residential development. In a number of rural areas, tensions have mounted between agriculturalists and herders, necessitating involvement from the state, human rights activists and political entrepreneurs.

II. Management Performance

14 | Steering Capability

The government is pursuing strategic reform goals, particularly in the economic arena but less clearly in democratization. In the context of elections for parliament and the executive, the government is more concerned with keeping itself in power than with furthering the process of democratization. There are still a number of regulations in place that allow the administration in a more or less subtle way to prevent the opposition from competing on equal footing – and the political leadership of the ruling party is in no way eager to change this “flexible” framework, which is suitable for repressive politics if necessary. There are many politicians of the ruling party, as well as administrators down to the local level, who use these regulations for their own interests and maintain their privileged position. For example, this is indicated by the recent excessive use of police force, including the death of protesters, against small groups of demonstrators who did not receive a permit for their demonstration.

Overall, economic reforms targeting a market economy are still on track; however, as regards the fight against corruption, for example, the government still fails to tackle the ruling party’s vested interests in the business community. Privatization is also not consequently pursued. The same applies to foreign trade and investment, which have become liberalized on paper, but national sentiments and local business stakes are able to influence the implementation of the liberalized rules in their favor (non-tariff barriers).

Despite capacity problems, economic reform and stability policy earned approval from international financial institutions and donors, although the privatization program and particularly the fight against corruption still elicit criticism. Despite international approval for Tanzania’s macroeconomic achievements, a number of problems remain.

The IMF has recommended that further reforms are necessary to enhance public financial management. Moreover, to maintain social gains and growth, more wide-ranging fiscal changes are required to step up domestic revenue mobilization and increase spending efficiency. Public services in health and education need further improvements. Economic growth achieved thus far still needs to be translated into substantial poverty reduction. The government will have grave difficulties to achieve the MDG.

As regards good governance, much improvement is necessary. There is no progress in democratization. The fight against corruption is poorly implemented, despite many

Question
Score

Prioritization
5

Implementation
6

years of public declarations and new institutional arrangements. That the president asked six members of his government to resign in May 2012, after the Office of the Controller and Auditor General revealed corruption and mismanagement in several ministries, was only due to public pressure and in an attempt to “save face.” Many other investigations in major corruption cases dragged on for many years, without results; such cases represented however just the beginnings of the fight instead of a serious attempt in combating deeply ingrained corruption among the political elite.

Since President Jakaya Kikwete came to power, he has not instituted any substantial policy changes but only continued those of his predecessor. Political leaders in general exhibit policy learning and have replaced failed policies with innovative ones, albeit often slowly and cautiously. On the negative side, there has been no improvement in the fight against corruption; in the poor management of energy and power; in creating jobs; in cost-conscious purchasing; or in implementing policies to improve the lot of Tanzania’s poor. On the positive side, the government was able to negotiate an agreement on the Government of National Unity in Zanzibar, one example of learning from previous mistakes.

Policy learning
6

15 | Resource Efficiency

The government does not make efficient use of available human and organizational resources for its transformation policies. It still allows the considerable waste of limited public goods, and often lacks sufficiently qualified personnel to effectively utilize economic and political assets. Combating corruption has lost momentum, although the government started to intensify its anti-corruption policy by focusing on petty corruption at the middle and lower levels, but failed at the top level. With the help of a cash budgeting system, the government can exercise relatively effective control over the use of appropriated funds according to budget plans, even though all quantitative goals have not been met; however, control is inadequate at almost all administrative levels. It is estimated that 20% of the ministries’ budget are lost to mismanagement and corruption.

Efficient use of
assets
4

The government tries to coordinate conflicting objectives and interests. As required by development partners, the administration has established policy coordination units across the territory. However, no coordination takes place as the relevant decisions are made elsewhere, and are not communicated to the coordination units.

Policy
coordination
4

A coherent policy outcome can only be seen in economic reform policy. Even in this area, some problems remain; lower levels of the administration are able to obstruct to some degree the government’s open market policy. And even within the ruling party, a large faction is pursuing a more “nationalist” economic policy in favor of indigenous enterprises (privatization). While “indigenization” was an issue of past election campaigns, the nationalist rhetoric in economic policies seems to persist. The

idea that the nation is engaged in the “sellout” of the country’s riches is also encouraged within the ruling party, which results from the absence of competitiveness among local entrepreneurs and politicians.

The overall coordination style is based on a bureaucratic hierarchy, and highly centralized, but often poorly implemented and distorted by informal personal networks that counteract bureaucratic rules and procedures (neo-patrimonialism).

Corruption is structurally ingrained, especially among the political and economic elite. The country has one of the longest serving anti-corruption commissions on the continent (since 1968). Formally, legislation is clear on how to contain corruption. The Prevention and Combat of Corruption Bureau (PCCB) is in a position to fight corruption, yet is “politically” constrained. Although the president took a strong stance against corruption when he came to power, he has since chosen a low profile in the fight. Some higher-profile corruption prosecutions were brought in 2008, and some senior members of the CCM ruling party were arrested. Although the fight against corruption is popular, has also caused significant splits within the ruling party. No high-profile individuals have yet been tried in the courts. International donors continue to criticize the government for its reluctance to take more effective measures to fight corruption, yet there are no indications of substantial change. During election campaigns and within the legislature, corruption has been a key opposition issue, as opposition voices have forced the topic onto the agenda and pushed the government to react on blatantly obvious cases. The problem, however, is that the ruling party is split into two factions on how to deal with the issue.

Anti-corruption
policy
4

16 | Consensus-Building

Aside from some members of the government in Zanzibar, no important political actors openly oppose the goal of establishing a market-based democracy. Only a small, non-influential group within the ruling party holds views more in tune with a socialist-based democracy. However, the commitment to such goals appears shallow among parts of the political and economic elite.

Consensus on goals
6

Some politicians in the ruling party – a “conservative” faction partly comprised of Ujamaa ideologues, more in tune with socialist doctrines – are skeptical of market economic goals, and there are different interpretations of what a Tanzanian democracy should look like. Some politicians still place greater faith in a socialist rather than a liberal democracy. The majority of the political elite have accepted the principles of liberal democracy, but the democratic convictions of many seem to be shallow. Lip service is often paid to democratic principles, but actual understanding of politics reveals undemocratic thinking.

Anti-democratic
actors
7

Reformers have been able to control and for the most part integrate all relevant actors, again with the exception of some members of the government in Zanzibar and party leadership on the islands, where despite the Government of National Unity, small sections of the opposition continue to hold more radical or militant positions. Hence, the government has generally managed to reduce the potential for conflict – particularly with regard to Zanzibar – and seeks consensus across lines of conflict on many issues.

Cleavage /
conflict
management
6

All in all, government leaders do very little to promote the role of civic engagement and solidarity, although the rhetoric of solidarity plays well with the public. To the same tune, political leaders tend to ignore civil society associations or even try to control them rather than supporting them or taking their issues into account. Civil groups are welcome as long as they help compensate for the lack of state services and, above all, remain “non-political.”

Civil society
participation
5

Since the state of one-party rule on the mainland was in essence a tempered authoritarian regime, reconciliation efforts have been necessary only in a very few isolated cases.

Reconciliation
4

There is however a major difference between the mainland and the islands, where authoritarian rule was much more brutal. Unresolved cases of reconciliation efforts in Zanzibar between victims and perpetrators of injustices still hang heavy, of which the most recent (victims of the events of January 2001) have become a central issue of the peace accord. While the government’s efforts to reconcile the Zanzibar conflict yielded some positive results with the formation of the Government of National Unity, these successes remain fragile.

17 | International Cooperation

The government has worked constructively with bilateral and international donors to institute Tanzania’s transformation to democracy and a market economy. This applies especially to the economic and less to the political sphere. In this the government makes the most use of international aid, and seems to have undergone a substantial learning process. However, because of the dependency on international assistance – official development assistance (net received) was 12.9% (2010) of GDP, up from 11.7% (2008) and at \$66 (2010) per capita compared to \$54 (2008) – the government has hardly any alternative but to comply with international donor policy prescriptions. Tanzania’s participation in the IMF’s Policy Support Instrument (PSI) program indicates that the government’s ability to make use of international support has improved over time.

Effective use of
support
7

The government has put a lot of effort in working with bilateral and international donors to win their confidence. Its international partners have a reliable and largely

Credibility
7

predictable view of the Tanzanian government. Bilateral and multilateral development partners tend to view Tanzania positively. With President Kikwete, previously the foreign affairs minister, Tanzanian foreign policy changed in style to embrace “proactive diplomacy.” For example, within the Southern African Development Community (SADC), the Tanzanian government took the side of governments that criticized President Robert Mugabe’s authoritarian policies in Zimbabwe.

However, the donor community remains unconvinced that the government is pursuing its reform policy consistently (e.g., good governance, the fight against corruption).

The Tanzanian government is an active member of various international political and economic organizations in southern and eastern Africa, and has sought to deepen its many and varied international cooperative relationships. In 2005 the regional integration of eastern Africa into the East African Community (EAC) was revived as Tanzania, Kenya and Uganda established the East African Customs Union. The implementation of the new union was a matter of political contention. In 2010 the common market came into operation. In January 2011, the EAC announced the start of negotiations over an East African monetary union. However, as the issue is contentious within Tanzania, the government has shown little commitment and is considered to act as a brake on closer integration of the EAC and especially for a fast-tracking federation by 2013. This is partly explained by the former collapse of the EAC in 1977, which put Tanzania politicians and citizens in a cautious frame of mind, in order to avoid past mistakes.

The issue of Tanzania’s unresolved membership in the Common Market of East and Southern Africa (COMESA), terminated in 2000, and in the Southern African Development Community (SADC) has been pushed to the background.

Regional
cooperation
7

Strategic Outlook

The Tanzanian government made no concrete moves toward further democratization, and it is expected that no changes will be forthcoming before the next presidential and parliamentary elections scheduled for 2015. Although the president had surprisingly agreed to a formal review of the constitution, the process has stalled and may not be completed before 2015.

The reform of the CCM party constitution, meant to empower the grassroots of the party, particularly in the selection of presidential candidates, may not have the intended effect within the party, not to speak of broader democratization effects outside the party. Observers expect that CCM members may be at the mercy of the highest bidder, as the widespread buying of votes is expected during internal elections. A number of contenders for the office of president have already voiced interest, which indicates a lively contest and an open race. The incumbent has given no hints yet to whom he may lend his support. It is unlikely that the party will split over the contest for a new leader, as it is used to bitter contests and the gains of a split are completely unforeseeable; the faction that may leave the party has to come to a compromise with opposition parties, and it is unclear how the “conservative” CCM electorate would react. Such supporters may instead abstain rather than vote for an opposition party; previous splinter parties from CCM had very limited success.

Whether CHADEMA will be again the major challenger of the ruling CCM party is still an open question. CHADEMA’s support is still growing. By-election results have been in its favor, and according to opinion polls in 2012, frustration with the performance of the CCM government is increasing. However, CHADEMA is also involved in a leadership struggle over whom to put forward for president. Former presidential candidate Dr. Wilbrod Slaa may face a challenge from a more youthful and popular contender, who will already have strong appeal to an electorate younger than ever before. CHADEMA too does not have the same consolidated party structures as does CCM. CHADEMA might continue to grow in influence while CCM declines further, yet these trends will not change the government’s basic power structure and the dominance of the CCM in the 2015 elections.

With the formation of the Government of National Unity in semi-autonomous Zanzibar, the power sharing arrangement has put an end to the almost permanent crisis and persistent occupation over the conflict with the mainland government. Yet the radical Islamic group Uamsho, registered as a NGO, has clashed with police several times in 2012. The group seems to be a replacement of radical elements of the CUF since the latter is part of the Government of National Unity. Some observers believe that the Uamsho is secretly linked to some leaders of CUF. The debate on the review of the constitution, along with the potential discovery of gas and oil offshore, will most likely bring again the contentious issue of the island’s political union with the mainland to the fore.

It is not expected that the government will pursue an effective policy of eliminating corruption and removing bureaucratic barriers. This will probably not have a negative impact on the prevailing growth rates of about 6%, but will also not encourage the higher growth rates required to fight the country's high levels of poverty more effectively. Solving problems in the energy sector, particularly endemic corruption in the state-run Tanzania Electricity Supply Company (Tanesco), is crucial to maintain growth. Day-long power cuts that disrupt business and production are regular. However, the discovery of oil and gas may free the government from the urgency to solve the problems of the energy sector.

The prospect of oil and gas in Lake Nyasa on the border with Malawi are also responsible for the diplomatic tensions between the two countries. These tensions, a legacy of poorly drawn colonial borders, resurfaced when both countries commissioned international companies to conduct explorations in the lake. Although Tanzanian troops have apparently been put on alert, both sides claim the row could be settled peacefully.