

Humanities and Social Sciences Letters

2015 Vol. 3, No. 1, 37-54.

ISSN(e): 2312-4318

ISSN(p): 2312-5659

DOI: 10.18488/journal.73/2015.3.1/73.1.37.54

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EXPLORING THE LINK BETWEEN GOVERNANCE AND INSTITUTIONS: THEORETICAL AND EMPIRICAL EVIDENCE FROM TANZANIA

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ABSTRACT

The potential link between governance and institutions is increasingly becoming a central concern in social science. In political science, the approach taken to explore this link involves examining the role structure plays in determining political behaviours, the overall patterns of governance, and the outcomes of political processes. Therefore, the quality of institutions has long been recognized as an important component of a well-functioning system of governance. This paper investigates and reflects on the relationship between institutions and governance in local political settings and analyzes the impacts of institutional factors on good governance. Very specifically, the paper explores different theoretical and empirical debates about governance in general and good governance in particular. Drawing upon “historical institutionalism”, the paper offers a satisfactory analytical framework for studying the ability of the institutions of governance in Tanzania, from their inception through their development over time, to meet the needs of the local community.

Keywords: Governance, Good governance, Institutions, Washington consensus, Structural adjustment programs, Local government, Tanzania.

Received: 15 November 2014/ **Revised:** 28 November 2014/ **Accepted:** 5 December 2014/ **Published:** 10 December 2014

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Contribution/ Originality

This paper has primarily indicated that analyzing local governance in Tanzania and other developing nations brings strongly into focus the nature of the relationship between institutions and the quality of service provision at the local level. This analytical approach not only helps to provide objectives and meaning for good governance, but also offers a path to understanding the fundamental shortcomings of the institutions of governance. The paper concludes by arguing that, the problems of governance in Tanzania and likely in other developing nations of Africa is not a lack of sound development policies, but rather the institutional mechanisms necessary to implement or translate those policies into desirable results.

1. INTRODUCTION

The potential link between governance and institutions is increasingly becoming a central concern in social science. In political science, the approach taken to explore this link involves examining the role structure plays in determining political behaviours, the overall patterns of governance, and the outcomes of political processes. Therefore, the quality of institutions has long been recognized as an important component of a well-functioning system of governance. This analytical approach not only helps to provide objectives and meaning for governance, but also offers a path to understanding the fundamental shortcomings of the local governance system not only in Tanzania, but also in other developing nations. As [Pierre \(1999\)](#) argues, institutional analysis is a critical component for any understanding of local governance, not least because it highlights systems of values and norms that give meaning, direction, and legitimacy to such governance. The institutional analysis in this paper is used to explain the discrepancies between the visions of governance for Tanzania promulgated by socialist institutions and later capitalism within the country, as well as by foreign neo-liberal institutions, and to contrast these visions with their real institutional outcomes. This analysis is guided by the proposition that an effective institutional framework is vital for achieving sustainable good governance in developing nations.

2. HISTORICAL CONTEXT OF THE POSTCOLONIAL INSTITUTIONS OF GOVERNANCE IN TANZANIA

The 1960s was an independence decade for most of the countries in Sub-Saharan Africa (SSA). Since then, most of these countries have experienced various forms of political governance regimes, ranging from extreme totalitarian states to the liberal democratic tradition ([OECD and ADB, 2004](#)). Most of the countries in SSA practiced a distinctive political behaviour and created regional institutions designed to protect their newly born states from any external interference. As such, African leaders produced development philosophies¹ which justified their conceptions of where they would want to focus after independence. To them, the major challenge was how to

¹ Or doctrine: a belief (or system of beliefs) accepted as authoritative by some group or school (<http://wordnetweb.princeton.edu/perl/webwn>)

extend traditional African values to the modern nation-state setting. In meeting this challenge, most of these leaders aspired to use the best from their own traditions of governance to oversee social development within their countries. By some measures, this was successful. For instance, Todd (Moss, 2007) has noted that Africa's immediate post-independence period was fairly positive, with income per capita rising about 2.4% per year during the 1960s.

In Tanzania, the independence leader, President Julius Nyerere postulated *Ujamaa*²—his particular version of socialism—as the answer to the Tanzania's political and socio-economic problems. Nyerere was known not only as an articulate spokesman for African liberation and African unity, but also as an educator and philosopher. Before beginning his political career, Nyerere was a teacher, and as a result of the intimate interaction between his political and educational leadership, he was tenderly and respectfully referred to by the title of *Mwalimu*, or *teacher*, by Tanzanians. Soon after independence in 1961, the government declared three “enemies” that threatened independence and national security: poverty, ignorance, and disease (Nyerere, 1966). On the evening of the day he took his oaths as Prime Minister of Tanganyika in May 1961, Nyerere told Tanganyikans:

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

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

The Arusha Declaration is a set of principles drafted in Arusha Town by the governing party, TANU,³ in February 1967, to serve as a guide toward economic and social development in Tanzania. The essential substance of the Arusha Declaration was a rejection of the concept of

² *Ujamaa* is a famous Swahili word often used to mean socialism. It was first used in a political context by President Nyerere in his chapter “Ujamaa-the Basis of African Socialism” Nyerere (1962). However, in its original Tanzanian context, *Ujamaa* goes further to mean family-hood, brotherhood or friendship.

³ The Tanganyika African National Union (TANU), founded by Julius Nyerere in July 1954, was the principal political party in the struggle for sovereignty in Tanganyika (now, Tanzania Mainland). After Tanganyika and Zanzibar united in April 26, 1964, TANU continued to be a ruling party in Mainland Tanzania and the Afro-Shiraz Party (ASP) for Zanzibar until their merger in February 5, 1977 to form *Chama Cha Mapinduzi* (the Revolutionary Party).

national splendor as distinct from the well-being of its citizens, and a rejection of material wealth for its own sake. The declaration emphasized the concept of equal opportunity and the need to reduce social inequities. The Arusha Declaration was a commitment to the belief that there are more important things in life than amassing riches, and that, if the pursuit of wealth clashes with concerns such as human dignity and social equality, then the latter are to be given priority (Nyerere, 1967). It further emphasizes the need for mobilizing human resources for self-reliant development rather than relying on capital or material resources, underpinned by the idea that the development of a country is brought about by people, not by money. According to Nyerere, money and the wealth it represents should be the result and not the basis for Tanzania's development (Nyerere, 1968). Nyerere's goal was to make his poor nation economically and politically independent and to create an equalitarian society. According to Yefru (2000), the Declaration was widely acknowledged by many African countries for its historical significance in development. Yefru (2000) notes further that the significance of the Arusha Declaration lies on its idea of development from the grass roots, which no one country in the continent envisioned the same. In September 1967, Nyerere published his book, *Socialism and Rural Development*, in which he spelled out three governing principles upheld by socialism and self-reliance: *equality*, *mutual respect* for all families, and *participation* in the collective development. Nyerere emphasized rural development because about 90% of all Tanzanians lived in rural areas and the majority of them relied on a subsistence agricultural economy. Through his rural development strategy, all Tanzanians were encouraged to form villages based on co-operation and communal work, commonly known as *Ujamaa* villages. Essentially, this implied two things: village autonomy and a directed effort by the state (Hyden, 1980). This development strategy advocated that development beneficiaries actively contribute to their own development whereas the government would provide social services such as roads, schools and hospitals. However, as with many other social experiments of this kind, Nyerere's ambitions failed to meet the objective of eradicating poverty, ignorance, and disease, and Tanzania's economy was ultimately crippled by a combination of *Ujamaa's* policies, natural disasters and a war with Uganda in the late 1970s.

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

I still travel around with it. I read it over and over to see what I would change. Maybe I would improve on the Kiswahili that was used but the Declaration is still valid. I would not change a thing. Tanzania had been independent for a short time before we began to see a growing gap between the haves and the have-nots in our country. A privileged group was emerging from the political leaders and bureaucrats who had been poor under colonial rule but were now beginning to use their positions in the Party and the Government to enrich themselves. This kind of development would alienate the leadership from the people. So we articulated a new national objective: we stressed that development is about all our people and not just a small and privileged minority. The Arusha Declaration was what made Tanzania distinctly Tanzania. We stated what we stood for, we laid down a code of conduct for our leaders and we made an effort to achieve our goals. This was obvious to all, even if we made mistakes—and when one tries anything new and uncharted there are bound to be mistakes . . . I still think that in the end Tanzania will return to the values and basic principles of the Arusha Declaration. ([New Internationalist Magazine, 1999](#))

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

3. HOW GOVERNANCE APPEARED ON THE AGENDA

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

capital income slightly higher than Indonesia; that is, US\$624 for Nigeria versus US\$600 for Indonesia. However, by the early 1980s, the Nigerian economy declined dramatically compared to that of Indonesia. While Indonesia witnessed more than six per cent average annual economic growth in the 1980s, Nigeria’s net economic growth from 1981 through 1990 averaged only 1.33% per annum (Lewis, 2007). In Tanzania, the extensive government involvement in social service provision was eventually incompatible with the level of economic growth in much of the late 1970s and 1980s. As Ndulu and Mutalemwa (2002) have pointed out, the state had an overwhelming role in resource allocation and an enormous amount of control over the actions of economic agents. By the end of the 1970s, the Tanzanian economy was in a serious financial and production crisis and began to decline rapidly (Lawrence, 2003). Agricultural production fell and food shortages abounded in almost every part of the country. In the early 1980s, the public expenditure framework expanded far beyond what the government could afford; Calderisi (2006) has noted that in the 1980s, 60% of the development budget was funded by foreign aid. The scale of this downturn is demonstrated by the fact that the Tanzanian economy declined dramatically from 1982 to 1990, from the 14th poorest country with a GNP per capita of US\$280, to the second poorest in the world with a GNP per capita of US\$110 (World Bank, 1984; World Bank, 1992). By means of explanation, African governments essentially saw the root cause of their problems in their inequitable economic relations with the developed world. In contrast, however, the World Bank Report of 1981, also known as the “Berg Report,” placed the blame for Africa’s poor performance on bad domestic economic policies, such as state regulation and intervention in markets. In order to curb the growing socio-economic crisis, Tanzania, like other countries in SSA entered into formal negotiations with the IMF and the World Bank for the implementation of Structural Adjustment Policies (SAPs) and Economic Recovery Programs (ERPs), the result of which was the reintroduction of a market-based economic system in 1986. The reform programs pioneered by the IMF and World Bank were aimed at promoting economic growth, reducing poverty and encouraging popular participation and good governance (Mugerwa, 2003). Hence, since the early 1980s, there has been an unprecedented wave of policy changes or reforms that are global in scope and Africa could not isolate itself from this fact (see Miller (2005)).

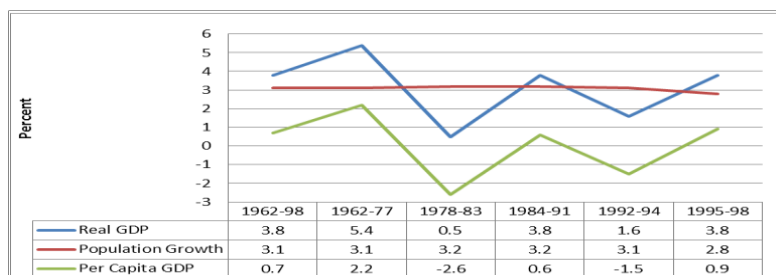


Figure-1. Tanzania: GDP and Population Growth, 1960-1998⁴

⁴ Authors’ construct, data extracted from Ndulu and Mutalemwa (2002).

For instance, Senegal adopted these policies earlier in 1979 whereas Kenya and Ghana reached a similar agreement in 1983 (Moss, 2007). It is for this reason, as indicated by Ayeni (2002), that some observers have described this wave of reforms as a “global revolution”. By the mid-1990s, about 29 African countries had entered into agreements with the IMF and the World Bank (Lawrence, 2003).

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

The neo-liberal policies of the 1980s are often referred to as the “Washington Consensus” - the complex array of policy reforms proposed by the IMF and the World Bank in the 1980s as remedial measures for the failing policies in place at the time in the developing world. Williamson’s intention was not to criticize Latin America’ reforms, but he believed that these reforms were so widely recognized as correct that they should constitute the standard reform for developing nations (Williamson, 1990). The Washington Consensus used, among other instruments, Structural Adjustment Policies (SAPs) as universal blueprints for development, regardless of the particular exigencies of a given country. The goal of these policies was to put in place a set of mechanisms for achieving development by relying on the market, with minimal state interference. A crucial aspect of these policies was the promise of policy changes by recipient countries in exchange for aid (Moss, 2007). These policies came into widespread use in the 1980s and became the basis for determining the development prospects of developing countries.

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

(1980–2005) have seen a sharply slower rate of economic growth and reduced progress on social indicators for the vast majority of low- and middle-income countries compared with the prior two decades” (2005, p. 1). By the end of the 1980s, anxiety among developing countries had grown, regarding the SAPs’ ability to deliver the promised economic growth as well as the social impact of these policies. Post-development scholars criticize the SAPs as “pernicious discourse, a grand modernizing and colonial narrative reflecting and serving Eurocentric interests” (Craig and Porter, 2006). Furthermore, these critiques became prevalent not only among the poorest states, but also within the World Bank and the IMF themselves.

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

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

Critiques of structural adjustment policies have also centred on the increased unemployment and greater poverty among and within states caused by SAPs (Lawrence, 2003). In Tanzania, as in other African countries, SAPs resulted in a wide economic gap between the business sector and public workers and peasants, with the poor becoming even poorer. Following the introduction of progressively larger and more frequent user fees for social services in the late 1980s, school enrolment and quality of social services declined. As part of Tanzanians who went to high school and college in Tanzania in the late 1980s and early 1990s and both from poor family background, we view SAPs as regressive and particularly burdensome for the poor, as poor households had limited resources to pay for social services, particularly for education and health services. Consequently, by 1993, gross enrolment in primary education in Tanzania had declined from 100% in 1980 to 82% whereas the illiteracy rate had increased from 10 to 16% between 1986 and 1992 (World Bank, 2002). Meanwhile, 6% of the better-off had access to secondary school, whereas only one per cent of the poor had this privilege (Klugman, 1999).

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

Table-1. Tanzania: Government Expenditure⁵

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

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

I was in Washington last year. At the World Bank the first question they asked me was, "How did you fail?" I responded that we took over a country with 85 per cent of its adult

⁵ Tanzania Government Budgets from various years

population illiterate. The British ruled us for 43 years. When they left, there were two trained engineers and 12 doctors. This is the country we inherited. When I stepped down there was 91 per cent literacy and nearly every child was in school. We trained thousands of engineers and doctors and teachers. In 1988 Tanzania's per-capita income was US\$280. Now, in 1998, it is US\$140. So I asked the World Bank people what went wrong. Because for the last ten years Tanzania has been signing on the dotted line and doing everything the IMF and the World Bank wanted. Enrolment in school has plummeted to 63 per cent and conditions in health and other social services have deteriorated. I asked them again: "What went wrong?" These people just sat there looking at me. Then they asked what could they do? I told them have some humility. Humility—they are so arrogant! ([New Internationalist Magazine, 1999](#))

In 1989, a new World Bank report on Africa, *From Crisis to Sustainable Growth*, was released. [United Republic of Tanzania \(2008\)](#), which was undertaken without any direct input from Africans, this new report demonstrated its commitment to African participation. The World Bank admitted its past mistake of imposing policies which were not friendly to recipient countries and suggested that this new development agenda should now be shaped through local participation and ownership. It is indicated in the report that about 400 Africans from various countries in Africa were interviewed. The report introduced an entirely different set of policies intended to alleviate Africa's poor track record in economic (and social) development. Based on the comments of respondents, the report argues that, in order for African governments to succeed, they need to "address the fundamental questions relating to human capacities, institutions, governance, the environment, population growth and distribution and technology" ([World Bank, 1989](#)). According to this report, the underlying factor behind the failure of Africa's economies is a crisis of governance ([World Bank, 2000](#)). As [Lawrence \(2003\)](#) has pointed out:

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

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

The new idea of focusing on governance was explored further in the April 1991 *Annual World Bank Conference on Development Economics*. In a section titled "The Role of Governance in

Development”, the Bank’s chief economist, Lawrence H. Summers, argued in his keynote address that “the question of what governments must do, what they can do, and how we can help them do it better leads to the difficult problem of governance” (Summers, 1991). The importance of governance was also pointed out at the same conference by Edgardo Boeninger, who was the minister secretary general of the presidency in the Republic of Chile. Boeninger (1991) argued that “the question of how governance promotes development cannot be considered in the abstract; the social milieu that provides the setting in which the state operates is crucial”. While under the Washington Consensus, external actors (mainly, the IMF and the World Bank) had decided on the universal development blueprint for each recipient country, under this new emphasis on governance, national governments became responsible for owning development strategies and civil society for participating in their formulation (Thomas, 2008). According to Boeninger (1991), a consequence of this new emphasis would be that local actors would be central to sorting out the challenges, constraints, and priorities of political and economic reform.

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

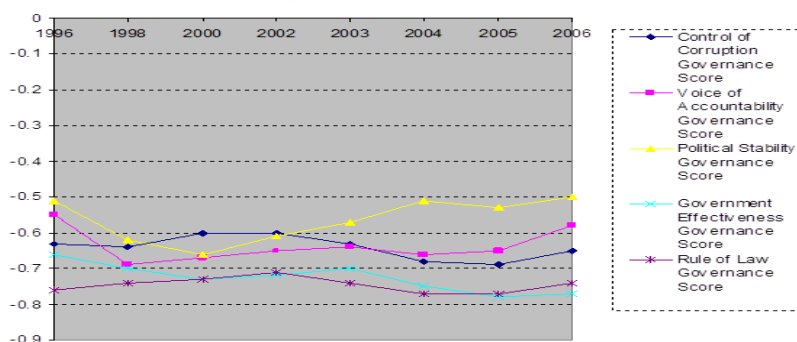


Figure-2. Sub-Saharan Africa: Governance Indicators (1996-2006)⁶

⁶ Worldwide Governance Indicators Project (<http://info.worldbank.org/governance/wgi2007/home.htm>)

4. ENGENDERING GOOD GOVERNANCE IN TANZANIA

Good governance has been SSA's main development strategy since the early 1990s, and the progress that has been made throughout the developing countries has been enormous. In direct contrast to the philosophy behind the SAPs in the 1980s, both the World Bank and the IMF now recognize that the responsibility for governance issues lies first and foremost with national authorities. In Tanzania, the government has summarized its own governance policy in the National Framework on Good Governance, 1999. This framework emphasizes that good governance is critical to the success of Tanzania's wider development strategy, and employs such tactics as shifting management responsibilities and production from the state to the private sector; the devolution of power and resources from the central government to local authorities; re-organizing ministries and other government agencies to make them more efficient and effective; and attacking financial malpractice such as corruption and fraud in the public sector (United Republic of Tanzania, 1999).

The National Framework on Good Governance states that governance comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences, and exercise their rights and obligations. In other words, governance in a Tanzanian perspective is the framework of rules, institutions and practices that sets limits and provides incentives for individuals, organizations and businesses (United Republic of Tanzania, 1999). According to the principles of the National Framework, good governance has three major dimensions: political, economic and administrative/managerial. Within these dimensions, different key players exhibit the virtues assumed to foster good governance in the country. However, the national framework also recognizes the interconnectedness of the key players in governance; that there is no single thing that one player does that does not concern the other players. Therefore, this National Framework defines governance as a *network* and *interaction* of public (governmental) and private (non-governmental) bodies that have a role to play in the formulation and implementation of public policy and the delivery of public services (United Republic of Tanzania, 1999), an understanding of governance that is also included in the *World Development Report 1997*. In other words, good governance should encourage a wider participation in enhancing the design, supply and delivery of public goods and services through partnerships among governments, businesses and civic organizations.

In 1995, the government of Tanzania appointed a group of experts in consultation with the different stakeholders in the country to formulate a policy document which would serve as a blueprint for the country's development efforts. In 2000, this group came up with the Tanzania Development Vision 2025, a framework which aims to guide Tanzania's development efforts into the 21st century and to achieve a certain level of development by 2025. Vision 2025 takes into account expected changes and trends in the years ahead, with an emphasis on the kind of enabling environment that is essential for the nation to flourish economically, socially, politically and

culturally. The need to formulate a new economic and social development vision for Tanzania stemmed from the unsuccessful outcomes of earlier economic reforms, especially those pursued in the 1980s (United Republic of Tanzania, 2000). There are six basic goals set forth by Vision 2025: the establishment of a higher quality of life; peace, tranquillity and national unity; good governance; an educated society imbued with an ambition to develop; and an economy which is competitive with sustained growth for the benefit of all people. Vision 2025 spells out two key prerequisites for effective realization of the vision: *good governance* and *competitiveness of the economy*. Furthermore, in February 2005, the government of Tanzania approved the National Strategy for Growth and Reduction of Poverty (NSGRP; also known as MKUKUTA in Swahili) as a framework for the achievement of growth and reduction of poverty among the population. The NSGRP was informed by the aspirations of Vision 2025. In addition, the NSGRP builds on the Poverty Reduction Strategy Paper (PRSP), the Poverty Reduction Strategy (PRS) Review, the Medium Term Plan for Growth and Poverty Reduction and the Tanzania Mini-Tiger Plan 2020 (TMTP2020), which all emphasize growth momentum in order to fast-track the targets of Vision 2025 (United Republic of Tanzania, 2005). Within the goals of the NSGRP, governance has been included as one of the three major areas of focus, centering on economic structures and processes, such as use of public resources (financial, information and natural resources), management systems and participation in decision making (United Republic of Tanzania, 2005). It is stated in the NSGRP that:

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

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

5. GOVERNANCE ISSUES AND GAPS IN TANZANIA

While Tanzania claims to have maintained "political stability" since independence in 1961, this has not led overall to a higher measure of governance; there is a huge discrepancy between expectations and actual practices. The most significant and persistent gap in governance efforts in Tanzania is the lack of what we call *institutional mechanisms* needed to institute the underlined

governance initiatives. For instance, the Arusha Declaration, which outlines the equalitarian principles of socialism, was in use for more than two decades starting in 1967. However, the three “enemies” (poverty, disease and ignorance) that the government had declared war against in the 1960s are still rampant (see Mallya (2000)). According to the *Human Development Report 2007/2008*, in 2006 the life expectancy in Tanzania was 51 years, the adult literacy rate (ages 15 and older) was 72.0 per cent and the combined primary, secondary and tertiary gross enrolment ratio was 54.3 per cent. As Mallya (2000) argues, the “failed” Arusha Declaration has all the objectives of Vision 2025. For instance, the Arusha Declaration emphasizes human-centred development and the need to eradicate poverty, which is also the main agenda of Vision 2025. In other words, the Arusha Declaration aimed at a high quality of life for the population and clearly stated that in order for development to come about, there is need for “good leadership and sound policies”, which basically means good governance (see Table 3.2). While Vision 2025 argues that earlier development policies and strategies such as the Arusha Declaration were not consistent with the principles of a market-led economy and technological growth (United Republic of Tanzania, 2000), we see “nothing new” in Vision 2025 that was not already introduced at least in spirit by the Arusha Declaration.

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

As argued earlier, this paper explores the way in which institutions function and the overall consequences of this functioning for a country’s pattern of governance. It is a shame that previous attempts at addressing poor governance in Africa have focused on the dysfunctional character of the policies which were in place because the link between dysfunctional policies and the institutional mechanisms needed to implement those policies was neglected. As argued by UNESCAP in 1990, even when explicit policy statements exist in a country, their success depends on their translation into implementable policies. According to UNESCAP, this process depends largely on the type of institutional mechanisms that exists in a country and how they formulate and implement specific policies. UNESCAP (1990) defines institutional mechanisms as “formal rules, standards, and organizational or institutional structures, as well as informal norms which are in place to define and enforce the rules and policies of the government”. Institutional

mechanisms are essential because they provide the government at all levels, central and local, with a framework within which to formulate and implement policies as well as to review their effectiveness. So, what does the Tanzania's experience suggest with respect to the process of promoting good governance in that country? From the empirical evidence discussed in this paper, the discourse on engendering good governance in Tanzania (from the post-colonial socialist system to the present capitalist system) has relied almost exclusively on policy change while neglecting institutional mechanisms. For instance, during the post-colonial Nyerere era, Tanzania had what we would call very sound policies of socialism and self-reliance, as stipulated in the Arusha Declaration. However, the institutional mechanisms available were very weak and unable to implement these policies. As [Holtom \(2005\)](#) has pointed out, Tanzania was a one-party state and its bureaucracy remained very weak. Moreover, power was centralized, and the bureaucracy did not emerge as a powerful independent actor. Moreover, [Hyden \(1980\)](#) argues, the rural development policies in Tanzania after the Arusha Declaration gave government officials opportunity to dispense a wide variety of goods and services to only those peasants who supported the party policies. [Kelsall and Mmuya \(2005\)](#) have noted further that even civil societies were neutralized through the ruling political system. We would therefore argue that post-colonial Tanzania failed to be developmental or progressive not because it lacked sound policies, as for instance the IMF and the World Bank have argued. We personally believe some of these policies are still valid even today (see Table 3.2). The problem was rather the lack of effective or even adequate mechanisms for implementation.

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

Without question, growth and development in Africa cannot be achieved in the absence of good governance. However, as indicated in this paper, the primary consequence of poor governance in Africa has been an inability and lack of willingness from the state to provide the

vital institutional framework to support good governance. As Hope (2005) has argued, for good governance to prevail there must be effective institutional mechanisms that ensure accountability through the capacity to monitor and enforce rules and to regulate economic activities in the public interest.

6. CONCLUSION

As we have seen in this paper, governance issues are not new to the countries of SSA, as the World Bank's 1989 report, *From Crisis to Sustainable Growth*, would seem to suggest. This paper has demonstrated that there have been consistent challenges to government's effectiveness and institutional mechanisms in SSA since the independence era in the early 1960s. This long-standing institutional pattern of established behaviours seems to be at odds with "good" governance. As pointed out by the African Development Bank (2008), African countries can only reach their potential by fostering better governance as a means to accelerate economic growth and reduce poverty. Therefore, while a number of responses both from within and outside the continent are underway, considerable challenges remain in the area of strengthening the institutions of governance. Effective institutional mechanisms, if properly implemented, will eventually contribute to capable states in Africa, engaged civil societies and improved accountability and transparency at all levels of government.

Funding: This study received no specific financial support.

Competing Interests: The authors declare that they have no competing interests.

Contributors/Acknowledgement: All authors contributed equally to the conception and design of the study.

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