

Alina Mungiu-Pippidi
Jana Warkotsch

Beyond the Panama Papers. The Performance of EU Good Governance Promotion

The Anticorruption Report 4

written by

Alina Mungiu-Pippidi
Ramin Dadašov
Sindy Natalia Alvarado Pachón
Christopher Norman
Simone Dietrich
Eliska Drapalova
Miroslav Beblavý
Emília Sičáková-Beblavá
Martin Mendelski
Digdem Soyaltin
Justine Louis
Jana Warkotsch
Max Montgomery

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8. Tanzania: The Cosmetic Anticorruption

MAX MONTGOMERY¹

Tanzania boasts one of the highest rates of economic growth in sub-Saharan Africa. In the last decades it also established one of the most harmonised donor frameworks. However, the relationship between Tanzania and its donors has deteriorated significantly in recent years following several high-level corruption cases and slow progress on more complex governance reform. In response, the EU has reformed the composition of its development assistance modalities, which predominantly entailed a reduction in budget support and has stopped committing further aid to Tanzania for the time being. These events indicate considerable limitations to the effectiveness of the EUs' (and other donors') measures to induce good governance through existing modi of development cooperation.

The United Republic of Tanzania² turned from “donor’s darling” to problem child with regard to anticorruption and governance reforms in the period under review. Its status as a beacon of political stability in sub-Saharan Africa, successful democratic and economic transformation at the beginning of the early 1990s, and impressive framework for donor coordination enabled Tanzania to attract substantial development assistance from major international donors. Building on historical connections and a strategic partnership, the EU emerged as one of the major development partners and contributed considerable support to on-going national development strategies and various governance reforms.

However, a recent decline across primary and secondary governance indices, several high-level corruption cases and the prevalence of clientelistic networks within a particularistic power arrangement has resulted in friction between Tanzania and its development partners and casts doubts on the EU’s strategy to promote good governance in Tanzania.

State of governance

After 30 years of adherence to a socialist model of economic development and one-party rule under the Chama Cha Mapundizi (CCM), Tanzania overhauled its political and economic system in 1992. While democratic elections have taken place every five years since 1995, the CCM-aided by its long history of rule and structural weaknesses in the political system – continues to dominate the Tanzanian government and state administration. Furthermore, a powerful executive and a relatively weak separation of powers results in a particularistic governance arrangement, characterised by a high susceptibility to corruption (von Wogau 2010, Mungiu-Pippidi 2006). This quasi-monopolistic power arrangement is reinforced by a highly politicised bureaucracy and weak corrective institutions. While political diversity has increased in recent years, the growth of major opposition parties continues to be obstructed by viola-

¹ German Institute for Global and Area Studies (GIGA), max.montgomery@giga-hamburg.de

² The United Republic of Tanzania consists of a union between mainland Tanzania and semi-autonomous Zanzibar, which merged in the process of independence in 1964. Henceforth, for simplicity’s sake, this report will refer to it as “Tanzania”.

tions of the right to assembly and occasional limits to the freedoms of the press (Bertelsmann Stiftung 2014). The recently introduced controversial Cybercrimes Act, which is considered to curtail freedom of speech and bestows excessive powers with little oversight to law enforcement organisations, is a further indicator of the government's current unwillingness to subject itself to a higher degree of public accountability (Goitom 2015).

Tanzania's semi-presidential system bestows excessive powers on the executive, while leaving legislative and judicial branches relatively weak. In part, this is due to the directly elected presidents wide-ranging powers of appointment. These include his cabinet members, selected from the National Assembly, the Chief Justice and Regional Commissioners. Although the National Assembly has, at times, managed to impose political constraints, for example by voting down bills proposed by the executive, it is occasionally denied its constitutional role by the government in favour of party committees. The judiciary is viewed as only partially independent³ and lacks credibility in the eyes of the populace, with 86% of respondents to the Global Corruption Barometer 2013 viewing it as corrupt and 52% also reporting having paid a bribe when accessing judicial services (Transparency International 2016). In effect, this significantly impedes the accountability of officeholders and is considered a critical weakness by many observers (Bertelsmann Stiftung 2014, Jingu 2014).

Apart from dominating the higher echelons of government, the CCM continues to exert considerable power over the administration, as the old ties from the one-party system between party and administration continue to exist (Mukandala et al. 2005, Ewald 2011). Additionally, it wields considerable influence in the state's other executive organs, such as the army, police and security forces (Bertelsmann Stiftung 2014, Ewald 2011). This overlap between party and state administration allows the CCM to undermine political opposition in two significant ways. First, it allows the governing party to obstruct and intimidate opposition, for example by threatening arrest or revoking their rights to assembly. These tools are also used to infringe on the rights of civil society actors and the media⁴ (Lindner 2014). Second, as most "political opportunities" arise within the government administration and are tied to the CCM's wider political network, it increases political opportunity cost to stand outside the party. This political environment is highly conducive to political clientelism and enshrines the predominance of informal networks, which permeate every sector of Tanzania's governance regime. As elites from different sectors have joined in complex networks of mutual dependence and favours, attracted by the administrations extensive command over resources and wealth, corruption has become a "key element linking political legitimacy with economic benefit" (Hydén and Mmuya 2008, 34; Koechlin 2013, 110; Bertelsmann Stiftung 2014; Gray 2015). As such, the distinction between public and private as well as between the CCM and the state administration is often non-transparent, resulting in a situation where access to the political system is effectively determined by clientilistic networks⁵.

Recently, political opposition to the CCM's rule has grown, predominantly as a result of sluggish progress in poverty alleviation – in spite of substantial economic growth, crumbling

³ Tanzania's judiciary was ranked semi-independent by the World Economic Forum's Global Competitiveness Report 2016/2017 – receiving a 3.9 on a scale from 0 (judiciary is heavily influenced) to 7 (judiciary is entirely independent), with the global median being 4.2 (Schwab and Sala-i-Martin 2015).

⁴ Tanzania's press was rated as 'partly free' with a declining trend in Freedom House's Freedom of the Press Report 2016, with a score 55 on a scale from 0 (free) to 100 (un-free) (Freedom House 2016).

⁵ This has been noted by several experts. For example, the Bertelsmann Stiftung (2014) and von Wogau (2010) rate Tanzania as a 'Neo-Patrimonial' state. However, considering the contested nature of this concept, this study will henceforth refer to Tanzania's power arrangements as 'particularistic' (Mungiu-Pippidi 2016; Mungiu-Pippidi 2014).

physical infrastructure – and several high-level corruption cases. However, the Chama Cha Demokrasia Na Maendelo (CHADEMA), the main opposition party, has started to pose a serious challenge to the continuation of the CCM's virtual monopoly on power in Tanzania. In response, the government has introduced several repressive pieces of legislation that effectively reduced the freedom of the press, suppress civil liberties, and which allow the targeting of the CCM's political opponents (see Goitom 2015, Lindner 2014).

Corruption and evolution of an anticorruption framework

Control of corruption has featured on Tanzania's political and public agenda for decades and resulted in a continuously expanding regulatory framework, in particular since political transformation took place in the 1990s. Nevertheless, corrupt practices continue to be considered endemic to the political system, with an estimated 20% of the government's budget lost to corruption each fiscal year, frequent high-level corruption cases and regress on core anticorruption indicators (ITAD and LDP 2011a, 3; Bertelsmann Stiftung 2014). Considerable opportunities for corruption – predominantly stemming from the particularistic power arrangement, especially the president's ability to interfere in the dealings of virtually all anticorruption institutions, and the implementation gap in anticorruption regulation – continue to exist. Tanzania's anticorruption legal framework is formally comprehensive but exhibits severe implementation gaps, which recent reforms have not been able to redress. Similarly, while key anticorruption institutions have been established, their effectiveness and independence varies greatly (Booth et al. 2014, 28). Furthermore, the lack of progress in critical areas indicates a lack of domestic agency and political will to conduct substantive improvements in anticorruption efforts. It therefore comes as no surprise that good governance and corruption issues have been a major bone of contention in the dialogue on development cooperation between Tanzania and its major donors, including the EU (ITAD et al. 2013)

Core elements of Tanzania's control of corruption framework were already established in the context Benjamin Mkapa, the first democratically elected president, and his so-called "war on corruption" in 1995 (Cooksey 2012, Lindner 2014). The primary accomplishment of this policy was the Report of the Presidential Commission of Inquiry Against Corruption,⁶ which served as a fundament to the comprehensive National Anti-Corruption Strategy and Action Plan (NACSAP). However, Mkapa's ambition to combat and eliminate corruption waned after the implementation of NACSAP and his reforms ultimately proved rather unsuccessful at curbing corrupt practices (Tripp 2012).

The government's commitment to combat corruption was renewed in 2005 with the election of Mkapa's successor Jakaya Kikwete. The new strategy rested on two comprehensive and interlinked reforms: 1. the 2007 Prevention and Combating of Corruption Act (PCCA) that entailed a revision and significant expansion of the Prevention of Corruption Act and 2. a revised anticorruption strategy (NACSAP II) for the period 2008–2011. Partly, these reforms were created in response to international pressure and with support by international development partners and aimed at removing corrupt leaders, increasing synergies between existing anticorruption institutions, appointing a Minister of Good Governance, establishing an Ethics Commission and creating the Prevention and Combat of Corruption Bureau (PCCB), the primary anticorruption institution bestowed with investigative powers (Lindner 2014).

⁶ The report is commonly referred to as the "Warioba Report" after its chairman, Joseph Warioba. It found, among other things, that public servants in the public services delivery sector engaged in petty corruption as a means of supplementing their meagre incomes and provided evidence for the existence of large-scale grand corruption among high-level officials.

However, a severe implementation gap, also due to low and decreasing judicial independence, continues to obstruct the effectiveness of these strategies and the capacity of anticorruption institutions (see figure 1). Furthermore, the majority of anticorruption institutions, including the PCCB, are considered to lack capacity and political independence to effectively constrain corrupt practices. Additionally, independent evaluations have identified considerable difficulties with the adoption of more complex, second-generation reforms to the PFM framework, in spite of initially laudable progress by the government of Tanzania in establishing budgetary and financial management regulation and practices (ITAD and LDP 2011a, ADE 2013). These issues are compounded by inadequate protection of whistleblowers, the lack of a freedom of information bill, and the recent decline in press freedom and civil liberties (Business Anti-Corruption Portal 2013, Lindner 2014).

EU development assistance to Tanzania

Tanzania's political and economic transformation quickly turned it into a "donor's darling", also as a result of its efforts towards donor harmonisation, which resulted in the Joint Assistance Strategy for Tanzania (JAST) and the Partnership Framework Memorandum in 2006. These mechanisms were designed to harmonise and align the efforts of international donors⁷ with Tanzania's national development strategy, defined in the Tanzania Vision (TV) 2025 and the poverty eradication programmes MKUKUTA⁸ (2005–2010) and MKUKUTA II (2010–2015). As a result, Tanzania became one of the largest recipients of development assistance in sub-Saharan Africa, usually in the form of budget support, which made up around 25% of the national budget in 2011 (Tripp 2012). However, recent cases of grand corruption, regress on a number of governance indicators and sluggish progress in PFM reform have led to an erosion of trust between Tanzania and its development partners, which withheld their support temporarily and reduced the share of budget support in their aid envelopes.

The EU has long been a key development partner for Tanzania and a major stakeholder in the JAST. The relationship is cemented in multiple agreements – which reflect the stipulations of the European Development Fund (EDF),⁹ the EU approach to ACP countries¹⁰ and Tanzania's national development strategies – with the overarching objectives to 1. support Tanzania's further political and social democratisation, 2. advocate for a pro-poor growth agenda and for improving economic governance and the business climate and 3. encourage Tanzania's continued involvement in regional economic and political integration process (Delegation of the European Union to Tanzania 2016)¹¹.

To this end, Tanzania received EUR 555 million, an average of EUR 92.5 million per year, under the 10th National Indicative Programme (NIP) for the period 2008–2013. The

⁷ These include the EU and several Member States (United Kingdom, Denmark, Germany, Finland, Ireland, Belgium, Sweden, Netherlands, France, Italy), Norway, Switzerland, USAID, Canada, Japan, Korea, African Development Bank, World Bank and United Nations Agencies.

⁸ MKUKUTA is the Kiswahili acronym for National Strategy for Growth and Poverty Reduction.

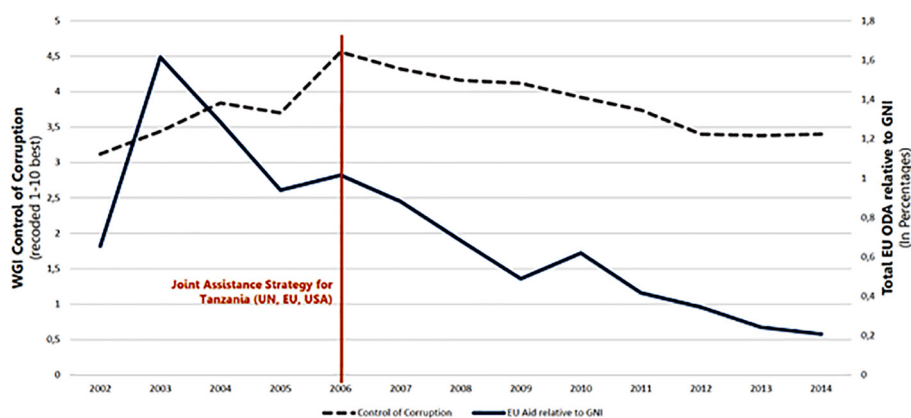
⁹ These reflect the essential understandings of the European Consensus on Development adopted in 2006 which sets the general policy framework at the EU level. Furthermore, the adoption of "An Agenda for Change" as a result of international development aid agreements, the latest from Busan 2011, resulted in the EU's commitment to disburse development assistance preferably through Budget Support. This aid modality that uses domestic Public Financial Management (PFM) systems and supports national development (European Court of Auditors 2010, 11).

¹⁰ The Cotonou Agreement provides the legal basis for EC cooperation with ACP countries. Other influential understandings include the Joint Africa – EU Strategy in 2005 and regular EU-Africa Summits.

¹¹ A thorough description of EU-Tanzania development cooperation can be found in Montgomery (2016).

majority of this funding was directed towards macroeconomic support, with other targets being infrastructure development and support to non-state actors and governance institutions. A preliminary version of the 11th NIP (2014–2020)¹² foresees an indicative amount of EUR 626 million, EUR 104 million annually, in development assistance. This document identifies Good Governance and Development as the key target for assistance, with the remainder of the funds going to the energy sector and measures in favour of civil society organisations (CSOs). In addition, Tanzania became one of only eight countries provided with an Millennium Development Goals Contract (MDGC), which provides additional un-earmarked funds worth EUR 305 million between 2009 and 2015.

Figure 1. Control of Corruption and Total EU ODA relative to GNI 2002–2014



The high degree of donor coordination and harmonisation make it virtually impossible to assess EU measures in isolation for the policies of other donors. As figure 1 shows, the country did not progress after a joint donor strategy was adopted. I will put particular emphasis on the EU's role within the donor harmonisation framework whenever necessary to highlight it against the donors' joint context.

The EU's role in the budget support framework

The majority of EU development assistance to Tanzania is pooled with other donors in the budget support framework. Positive evaluations of Tanzania's development performance in the context of the PAF led to significant aid disbursements to the highly aid-dependent country, predominantly in the form of budget support (Tripp 2012). The government of Tanzania's significant efforts to increase aid effectiveness through donor harmonisation further qualified it as a recipient for this type of aid modality. Conversely, Tanzania's achievements in early PFM-reforms and recent economic development are partly attributed to the influence of budget support, which has "allowed the Government to maintain a high level of development spending throughout the period, without increasing domestic borrowing, contributing to a sustained level of public investment and a fast recovery from the global financial crisis" (ITAD, Fiscus and RE-POA 2013, i). Furthermore, the anticorruption components of the budget support framework are considered to have facilitated reforms of the Tanzanian governance sector (ITAD et al. 2013).

¹² Negotiations have not been finalised, as a result of the on-going constitutional review process, recent elections and a major corruption case in 2014.

This ostensible success story, however, is contradicted by several cases of grand corruption that were being dealt with in an unsatisfactory manner by the relevant authorities and stagnating or declining international anticorruption indicators. Under the 10th EDF NIP, budget support to Tanzania amounted to EUR 444 million – 80% of the development assistance the EU pledged to provide. Budget support continues to comprise the majority of indicative EU development assistance under the 11th EDF NIP, yet decreased significantly to EUR 360 million, or 57% of the overall amount. The relative decline in the share of budget support reflects an overall trend among donors, which have begun to reduce the share of budget support in their aid envelopes following an erosion of trust between the government and its donors after the first of several major corruption scandals in 2007¹³ (Claussen and Martinsen 2011, ITAD et al. 2013)

The budget support framework severely reduces transaction costs for all parties involved and provides donors with considerable political leverage when acting united. Yet, this setup also raises a number of complications, which have proven to limit the ability of donors to monitor and enforce government commitments in the context of development cooperation (Molenaers 2012). Although donors may successfully negotiate short-term safeguard mechanisms and remedial measures, the credibility of their response to corruption will ultimately hinge on their ability to push for real actions (ITAD and LDP 2011a, 72). One of the underlying principles of the Partnership Framework Agreement states that parties will promote “[g]ood governance, accountability of the Government to the citizenry, and integrity in public life, including the active fight against corruption” (ITAD and LDP 2011a, 44). In order to ensure that this principle is upheld, donors apply both positive and negative conditionality to the disbursement of budget support.

The EU is a key partner in the development assistance framework for Tanzania. However, other actors, such as the World Bank, UN organisations and the AfDB, provide relatively higher contributions and have played a more active role in establishing key agreements underlying the development cooperation process in the past. (Delputte and Orbie 2014). In effect, the EU has taken a lead in sectors where it has comparative advantages – such as the road sector and public financial management (PFM) reform – and in the promotion and coordination of political dialogue. In particular, its efforts in the on-going high-level dialogue (HLD) on governance and anticorruption, as well as in the design and monitoring of PFM reform programmes have received praise on several occasions (Ministry of Finance of Tanzania 2013; Delputte and Orbie 2014).

Positive conditionality: The incentive tranche and its limitations

Development assistance via budget support usually includes a fixed tranche and a variable tranche, which is intended to enable the donor country to determine and enforce conditionalities in the context of development cooperation. The variable tranche in EU budget support to Tanzania through the EDF and under the MDGC, which accounts for approximately 30% of total budget support, hinges on a broad range of indicators, including governance reforms and anticorruption measures. The underlying idea is to incentivise political reforms in key sectors, as identified by the donor(s). In 2007, 2010 and 2014, failures of the Tanzanian government to comply with agreed-upon performance criteria led the EU and other donors to suspend ODA payments until action was taken by the government to comply with the stipulations of the NIP and the MDGC.

¹³ Meanwhile, other donors, such as the UK and the Netherlands have completely withdrawn Budget Support to Tanzania.

However, the EU did not prepare an exact methodology for monitoring key indicators – a crucial component for the functioning of the variable tranche – and how these will affect the allocation of development assistance (Molenaers and Nijs 2011, 414). In fact, the 10th NIP for Tanzania simply states that the conditions for the incentive tranche will be agreed upon at a later stage. The ambiguity emerging from this has resulted in the characterisation of the EU’s variable tranche as a “non-transparent process where the head of the delegation has all the discretion”, limiting its predictability and clarity (Wolff 2015, 932).

Furthermore, also as a result of the absence of clear methodology attached to the incentive tranche, the EU, and other donors, have disbursed their variable tranche according to annual evaluations based on the Performance Assessment Framework (PAF). The PAF is treated as a matrix of conditions in which targets are linked to eligibility criteria and disbursement triggers. Relevant indicators in the PAF were designed to reflect Tanzania’s national development strategy, MKUKUTA, and include good governance and anticorruption targets. Although Tanzania’s overall performance against PAF indicators has been deemed satisfactory in the period under review, slow progress on indicators related to good governance has been recorded¹⁴ (ITAD et al. 2013). In spite of this, the EU has disbursed the full incentive tranche to Tanzania on virtually every occasion (interview 2).

Ultimately, however, the major impairment of the performance-based tranche to induce good governance reform is that its share in the total development assistance budget is too low to provide the EU with political leverage. This shortcoming is aggravated by the progressive decline in the share of budget support in the EU development assistance envelope to Tanzania. As stated by a former member of the EU delegation to Tanzania: “It is an illusion that the [variable] tranche can be successful ... Any attempt at improving domestic conditions through conditionality governance are pointless, as the share of the [variable] tranche cannot be raised to a sufficient level to extract political leverage without seriously impeding aid predictability” (interview 1). Thus, the effectiveness of the tranche to induce significant reforms in donor countries in general, and in Tanzania in particular, is highly questionable.

Political obstacles in design and application of incentive tranches

The tying of positive conditionalities to budget support is a highly sensitive, political matter. Finding agreement amongst major stakeholders on indicators that determine the disbursement of incentive tranches has proven to be difficult and often results in solutions reflecting the lowest common denominator (interview 2). Generally, the EU has prioritised political engagement over the imposition of sensitive, political conditionalities and has based disbursement conditionalities predominantly on technocratic governance criteria. These include: 1. transparent, effective and reliable public finance management; 2. well defined macroeconomic or sector policies; and 3. open and transparent public procurement. While these are important aspects of good governance, an overreliance on these indicators fails to capture the wider political context of political governance and is frequently criticised as being too restrictive and formalistic in nature (ITAD and LDP 2011b, de Vibe et al. 2013). Furthermore, the role of good governance indicators in the general PAF, which is applied by all donors, appears to have been rather marginal. For example, the 2013 Annual Review of Budget Support, conducted by Tanzania and its donors, explicitly states that it does not include discussion on matters pertaining to good governance and anticorruption. Rather, it states that partners will “seek to find other fora to continue this dialogue” (Ministry of Finance of Tanzania 2013, 130).

¹⁴ This confirms the declining trend observed on major international anticorruption indicators for Tanzania (see table 1).

The reluctance to adopt and invoke these indicators as disbursement triggers can be explained by two, interlinked factors. First, performance-indicators need to reflect reasonable and attainable targets. Yet, convincing indicators for corruption are hard to come by and even harder to agree upon. Common indicators for the control of corruption are based on perceptions and often involve considerable assumptions, which severely decreases their reliability (Rhao and Marquette 2012, 2–3). Second, international donors cite the lack of government commitment to tackle corruption issues as a severe impediment to finding agreement on attainable targets. In response to the Tanzanian government’s unwillingness to deepen anticorruption reforms, the EU appears to have refrained from pushing for a more comprehensive set of indicators on good governance and anticorruption measures for the disbursement of its incentive tranche (interview 2). Instead, there was an attempt to incrementally incorporate more aspects of a political-economy approach by transforming “political issues into technical and managerial problems, thereby removing them from the sphere of political decision-making and fundamental political contention” (Jaeger 2007, 260; Hout 2012). To this end, the PEFA assessments of PFM frameworks assessments were developed and pushed in the context of development cooperation.

Initially designed with to assist PFM reform formulation and monitoring as well as to serve as a risk management tool to evaluate whether countries are more or less subject to corruption and public financial management risk “over the years, PEFA standards and methodology have been de facto coupled to eligibility conditionality for EU budget support. Similarly, the EU has been trying to influence the PEFA methodology by inserting criteria that would reflect the EU’s political conditionality”¹⁵ (Wolff 2015, 931). Generally, PEFA provides a much more comprehensive view of a country’s PFM system than the PAF and does not require the same degree of agreement between donor and recipient on which indicators to use. Nevertheless, as of yet, PEFA assessments do not serve as the baseline for the incentive tranche and, considering the reluctance of the government to include anticorruption indicators in the PAF, are unlikely to do so in the future (Wolff 2015).

Negative conditionality: Complete suspension of budget support

The Cotonou Agreement and the budget support framework allow for the suspension of the entire development assistance envelope in case of an extreme violation of fundamental principles. Specifically, Article 96 of the Cotonou Agreement enables the EU to suspend development assistance in the case that one of the essential elements described in Article 9, for example democracy and human rights, is violated (Del Biondo and Orbie 2014, 416). This also applies to the case of extreme corruption, in which the EU and other donors can temporarily or permanently suspend development assistance in order to exert pressure on the government to find a solution to the issue at hand. This occurred twice in the period under review, with the most recent case, following the Tegeta Escrow Scandal, still pending. In practice, the EU’s political leverage stemming from this measure is limited, as it only applies to episodes of severe transgressions, impedes aid predictability and the functioning of recipient governments, and often results in considerable friction in the political dialogue. Furthermore, the effectiveness of this measure hinges on its timely execution, predictability and anchoring in a systemised effort to impose external checks on ODA recipients (Persson, Rothstein, and Teorell 2013, 6).

However, the EU’s and other donors’ past responses to grievances in the Tanzanian governance sector deviate from these criteria. First, there is a clear divergence between the rhetoric of

¹⁵ Nevertheless, critics maintain that PEFA continues to entail a de-politicised institutional isomorphism that ignores the specificities of beneficiary domestic political systems. Therefore, in spite of transferring standards that provide legitimacy to beneficiary governments, in-depth issues of implementation sometimes remain a “black box” (Lawson 2012, Andrews 2009).

“zero tolerance to corruption” and actual practice, as only very few of the severe cases of grand corruption resulted in tangible repercussions. In fact, it appears that donors are more likely to put in place an articulated and well-communicated response when the corruption cases were too large and public to ignore, which may be attributed to an unwillingness to touch politically sensitive matters and insufficient monitoring practices (Persson et al. 2013, 6). Second, the EUs response to cases of severe corruption in Tanzania have not been fully effective in remedying the underlying issues, mainly due to the ad hoc nature of donor coordination and the protracted process of formulating common demands that need to be met by the government to reinstate budget support disbursements (interview 2). This is best illustrated in the case of the EPA scandal of 2007/08 (see Box 1).

Following the publication of massive fraudulent payments in previous years, donors failed to agree on an immediate response and instead opted to wait until a second audit of the payments was made. Furthermore, and in spite of wide acknowledgement of the scandal, the annual review of 2007/08 in the PAF made no mention of the case and awarded Tanzania a “satisfactory” rating in the good governance section at the insistence of the Tanzanian government (de Vibe et al. 2013, 11). Nevertheless, following the release of a second audit confirming the fraudulent payments, an EPA Action Plan was drafted, which, for the first time, included tangible political demands for the continuation of development cooperation. Besides strengthening the Bank of Tanzania’s governance, these were predominantly aimed at extracting stronger commitment to administrative and management reforms from the government (ITAD and LDP 2011b, 64). In the following years, progress on anticorruption governance in the annual review of budget support was rated as “non-satisfactory”, due to the lack of implementation of the EPA action plan. The HLD on corruption was initiated at this time as well. Although parliament and civil society had previously played an active role in annual budget support reviews, they were mostly excluded from discussions surrounding the EPA case (ITAD and LDP 2011b). Thus, while the temporary suspension of development assistance to Tanzania has helped foster an intensified dialogue, it has ultimately not been successful in leading to convictions and highlighted severe shortcomings in the structure of the Budget Support Framework: The monitoring of good governance indicators was influenced by political interests and donors were unable to respond to severe corruption in a timely manner.

The EU and other donors again decided to suspend their budget support envelopes to Tanzania in the wake of the Tegeta Escrow scandal in 2014. This time however, possibly as a result of past experience, donors chose to not respect the agreement by suspending budget support disbursements immediately and not, as stipulated, in the following financial year.¹⁶ While this course of action contributed to a fruitful dialogue in parliament and put positive pressure on the government to solve the underlying issue, it also undermined aid predictability and the credibility of the entire partnership agreement. In effect, the EU withheld its contribution to the budget support for the financial year 2015/2016, apart from on-going support to the road sector budget, and has not completed negotiations on the indicative programme for 2014–2020.

Project-based assistance to anticorruption reforms

The EU has launched and participated in several programmes aimed at increasing institutional capacity of relevant anticorruption actors, democratic consolidation, and strengthening the media and civil society. Generally, the EU has played an important role in the development of

¹⁶ See Article 21 and 22 of the Partnership Framework Memorandum 2011. Available at http://www.tzdpq.or.tz/fileadmin/_migrated/content_uploads/GBS_PFM_May_2011.pdf (Accessed January 2016).

NACSAP I and II, in particular in urging the Tanzanian government to work with civil society, the media, and private sector in the implementation of the strategy and action plan (European Commission 2011). Thus, the EU contributed to strengthening the PCCBs institutional capacity and the expansion of its mandate. Additionally, the EU has provided considerable financial assistance to the government-owned PFMRP basket fund and individual technical assistance to several rounds of PFM reform, thereby contributing to Tanzania's previous progress in strengthening its PFM systems. However, in spite of the recently stalling progress of Tanzania on various PFM indicators, the EU has declined to increase technical assistance to support Tanzania in meeting the demands of implementing "second generation" reforms – involving roll-out and consolidation rather than simple design and initiation (ITAD et al. 2013, 61).

Targeted EU Support to Tanzania's PFM reforms further entailed the provision of assistance to core institutions involved in public procurement and budget management, such as the Ministry of Finance, the NAO and parliamentary committees. Furthermore, the EU has expanded project-based assistance to the Office of the National Authorising Officer, tasked with managing budget support funds in Tanzania, after it was found that PFMRP basket money was mostly used on a plethora of workshops and training (ITAD and LDP 2011a, 61).

In an effort to promote democratic consolidation and oversight, the EU supported the multi-donor project Deepening Democracy in Tanzania Programme (DDTP), which sought to improve the electoral process and build the capacity of election management bodies and strengthen structures and institutions of governance and checks and balances (Amundsen 2010, 10). The evaluation of the DDTP has been positive, highlighting that chairpersons of parliamentary committees have become more competent at reviewing the budget and scrutinising bills, dialogue between parliament and civil society has increased. It also revealed that involvement of civil society in the review of bills has increased its influence on legislation (European Commission 2011, 130). However, these achievements are severely undermined by recently adopted legislation, such as the Cybercrimes Act 2015, and consistent government efforts to restrict civic access to political decision-making, as demonstrated in the recent drafting of a new constitution, and the lack of a comprehensive access to information bill.

Targeted EU assistance does not appear to have contributed to substantial improvements to good governance practices and a sound anticorruption framework in Tanzania. Considering the persisting lack of capacity, independence and judicial support of core anticorruption institutions, the EU appears to have failed to bolster domestic institutional capacity to effectively combat corrupt practices. Worryingly, a scaling down of targeted EU support to these institutions, CSOs and the media in recent ODA envelopes certainly will not improve their functionality in the future.

EU Aid in the nexus of Tanzania's political economy of corruption

The effect of measures aimed at inducing good governance through development assistance, including concomitant political dialogue, are, however, only effective along with high-level political will to implement anticorruption actions in recipient countries (ITAD and LDP 2011b). Ownership of the development agenda is nevertheless placed solely in the hands of the government, bypassing parliament and civil society (Tripp 2012, 17).

Political will for governance reform, which apparently existed in the early 2000s ebbed off markedly as soon as adopted legislation was to be translated into palpable action. Thus, Tanzania's regress on various control of corruption indicators demonstrates the, as of yet, cosmetic nature of anticorruption reforms. Furthermore, the government was highly resistant to actions which could upset the particularistic power-arrangement by jeopardising the CCMs quasi-monopoly on the executive and privileged access to the political system.

Nonetheless, observable progress on a number of issues can be attributed to the EU's continuous efforts to promote governance reform in Tanzania. In particular, on-going political dialogue seems to have resulted in positive effects, albeit at an incremental pace. On the contrary, conditionality and incentive stipulations have not extracted political gains, also a result of the limited financial leverage that the EU commands; instead, the result has been lengthy and conflict-filled negotiation processes with the Tanzanian government.

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Interviews

Interview 1: European Union Expert, 05.12.2014

Interview 2: European Union Expert, 25.12.2016

Disclaimer: Given the sensitivity of the topic and the job function of the interviewees, their names will remain undisclosed.

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The fundamental purpose of ANTICORRP was to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue was how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP advanced the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis was laid on the agency of different state and non-state actors to contribute to building good governance.

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