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MASTER'S DEGREE FINAL DISSERTATION

EFFECTS OF CORRUPTION ON THE ECONOMIC DEVELOPMENT IN
TANZANIA

CASE STUDY OF KIGOMA-UJIJI MUNICIPALITY

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DEDICATION

I dedicate this work to my loved family, with very special thanks for your love, smile, vibrancy, and the joy you bring. For your love patience, inspirations, and support, thank you, especially to my loved wife, children, father, young sisters and brothers, and also to my extended family, friends, colleagues, mentors, and my fellow students.

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DECLARATION AND COPYRIGHT

I, Dismas Bernard MSANYA declare that this thesis is my original work and that it has not been presented to any other University for a similar or any other degree award.

Signature_____

Date_____

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ABSTRACT

This thesis gives an overview of the effects of corruption on the economic development in Tanzania. It discusses the possible causes and effects of corruption, which are seen to be rooted in socio-cultural practices and the political and economic situation of the country. Data were drawn chiefly from news stories, reports of tribunals and commissions of enquiry, interviews of Tanzanians with relevant information, anecdotes', and personal knowledge of Tanzania. The results of the study show that there have been significant reductions in the level of corruption in the country through the introduction of government anti-corruption instruments. Also, people should be educated on the dangers of excessive materialism and the culture of 'get rich quick'. Finally, there is a need for jobs creation with better remuneration.

Keywords: corruption, economic development, Africa, Tanzania and Kigoma/Ujiji

ACRONYMS AND ABBREVIATIONS

| | | |
|--------|---|--|
| ADB | = | African Development Bank |
| CPI | = | Corruption Perception Index |
| CHRGG | = | Commission for Human Right and Good Governance |
| DPP | = | Director of Public Prosecution |
| DR | = | Democratic Republic |
| GGCU | = | Good Governance Coordination Unit |
| NACSAP | = | National Anti Corruption Strategy and Action Plan |
| NAO | = | National Audit Office |
| NGO | = | Non Government Organization |
| P | = | Page |
| PP | = | Pages |
| PPRA | = | Public Procurement Regulatory Authority |
| PCCA | = | Prevention and Combating of Corruption Act |
| PCB | = | Prevention of Corruption Bureau |
| PCCB | = | Prevention and Combating of Corruption Bureau |
| REPOA | = | Research on Poverty Alleviation |
| TZ | = | Tanzania |
| URT | = | United Republic of Tanzania |
| UNDP | = | United Nations Development Program |
| UN | = | United Nations |
| WHO | = | World Health Organization |
| IOM | = | International Organization for Migration |
| UNESCO | = | United Nations Educational, Scientific and Cultural Organization |

| | | |
|-------|---|---|
| UNODC | = | United Nations Office on Drugs and Crime |
| UNCAC | = | United Nations Convention Against Corruption |
| GDP | = | Gross Domestic Product |
| TI | = | Transparent International |
| HDR | = | Human Development Report |
| TRA | = | Tanzania Revenue Authority |
| MMEM | = | Mpango wa Maendeleo ya Elimu ya Misingi (Development Program for Primary School Education) |
| TASAF | = | Tanzania Social Action Fund |
| NRM | = | Natural Resource Management |
| TPSF | = | Tanzania Private Sector Foundation |

CHAPTER ONE

INTRODUCTION

This thesis is a result of empirical research based on ethnographic approach. This study aims to analyze corruption and its effect on economic development in Tanzania, particularly in Kigoma/Ujiji Municipal. It also aims to identify some forms and causes of corruption as well as to analyze methods that might help to prevent and combat corruption.

1.1 Background of the problem

Corruption has been recognized as a corrosive development since ancient times. The Government of Tanzania has committed itself to fighting corruption in all spheres of the economy. This commitment has come from both past and current presidents; but still there is a lack of accountability in the provision of social services.

In many social service centers and offices such as hospitals, health centers, police stations, courts, there are problems of not giving services to people according to the required service and some time to be asked that “do you have tea?” aiming at some money to buy tea which does not mean that tea. Officials use that kind of slogan to get money before offering service.

During the inauguration of the current Parliament, President Jakaya Mrisho Kikwete, made it very clear that in strengthening good governance, the problem of corruption will be dealt with relentlessly:

“Serikali ya Awamu ya Nne itaimarisha utendaji Serikalini na kupambana na maovu katika jamii bila woga wala kuoneana muhali.” (“The Fourth Phase Government will strengthen the public service and fight social ills without fear or favour.”)¹

The intensity of the fight against corruption has increased as the corruption problem itself has escalated, particularly in the public sectors which affect the economic development of people and nation. Some efforts began in 1966, when the government established the Permanent Commission of enquiry to check on the abuse of powers by government officials and agencies. To complement the work of the Commission, in 1971 the Government passed a Prevention of Corruption Act, which enabled the formation of the Anti-Corruption Squad in 1975. In 2001, the Permanent Commission of Inquiry was, through an Act of Parliament, transformed into the Commission for Human Rights and Good Governance (CHRGG). As corruption nonetheless worsened, an effort was made to strengthen the Anti-Corruption Squad by transforming it into the Prevention of Corruption Bureau (PCB) under the President’s Office. As the name suggests, PCCB was to address itself to preventive measures including, among others, educating the public about the evils of corruption and how to combat it.

War against corruption continues as one of the priorities of the Government of Tanzania. Despite various measures taken by the government to combat corruption including prosecuting many corrupt officials; it is still a serious problem in the country.

Anti-corruption has been on the World Customs Organization policy agenda for many years. Many of the strategies for reducing corruption have been widely discussed in academic literature and other research.

¹ Speech by Hon. Jakaya Mrisho Kikwete to the Tanzanian Parliament on 30 December 2005 (Loishiye Sikoi, 2013:2)

1.2. Problem Statement

Corruption in developing countries continues to be one of the greatest factors of poverty, development and bloody conflicts. Although many developing nations especially in Africa are endowed with priced natural resources, they continue to struggle and scramble for position in the lower ranks of the United Nations Development Index. Most developing countries continue to struggle with the ever changing trends in global politics, economic and technological advancements having little or nothing to do due to the exhausting effects of corruption on their very existence. From Zimbabwe to Nigeria, from DR Congo to Sierra Leone, from Sierra Leone to Tanzania, corruption continues to have an adverse effect on the lives of the vast majority of the population. Tanzania for instance, is ranked to 119 among 175 nations according to Transparency International (2014) corruption ranking report.

The effects of corruption on the economic development in Tanzania need to be assessed through a case study of Kigoma/Ujiji Municipality. There have been many attempts to tackle the issue of corruption in Tanzania but it remains persistent.

President Benjamin William Mkapa came to power in 1995 and was committed to battling corruption. He set up a Presidential Commission of Inquiry against Corruption in 1996, known as the Warioba Commission, which undertook an in depth diagnosis of the problem and made extensive recommendations as to how corruption should be prevented and combated. The Warioba Report has become the foundation for the new initiative to combat corruption in the country; as such, corruption has become a major component of the reform initiative in the country.

According to Repoa (2006:3) it is stated that, under this new approach, the government sought to adopt a coherent strategy, taking a more holistic and integrative approach to tackling corruption. In the late 1990s, the government prepared a framework paper on good governance the National Framework on Good Governance in line with the government's good governance vision contained in Vision 2025. The thesis tried to emphasize on government system that is transparent, responsive and accountable, manageable by officials who are accountable, efficient, ethical and professional.

Overall in 2005 the Government gets relatively good marks, with 62% indicating that the Government is doing fairly or very well at this task. This represents a considerable increase over ratings in 2003 and 2001, and negative evaluations of the Government have dropped by an even larger margin ("Do not know" responses have increased). Urban and rural respondents have more or less the same responses to the issue. Level of education also has little effect, except for the fact that those who have less than a full primary education are less likely to have any opinion on the subject.

These studies obviously based on, one important aspect of fighting corruption is enforcement of the law, and actual punishment for the individuals involved. How well and how even handedly do Tanzanians think the government is doing at enforcing the country's laws and holding both leadership and individual's accountability. Overall, Tanzanians think their government is highly capable of tracking down and punishing their own misdeeds. Roughly 90% think that the likelihood of punishment is high if they, or someone like them, commits a serious crime or fails to pay a tax.

On the other hand, a considerable number still believe that top government officials may get away with such transgressions. While solid majorities think the government is likely to enforce the law even against the country's leadership, about one-third believe that influential individuals can still get away with flouting the country's laws.

This thesis has, therefore, is a critical study of the effects of corruption to the economic development in Tanzania, paying special attention to Kigoma/Ujiji Municipality. Great emphasis is put on the role of the anti-corruption bureau in checking whether officials are politically motivated and manipulated (authoritarianism), and the extent to which the bureau has managed to deal with the problem.

1.3. Limitations

Internal validity of a study could be threatened by some study limitations (Simon, 2006). The study used purposeful sampling which could have ignored other potentially viable for the study. As a researcher I faced some bias in setting and interpreting questions that could influence the findings (Onwuegbuzie, 2007). The public climate was strongly critical of corruption in Tanzania, because many cases were persecuted in many places in the country (Shabbir & Anwar, 2008). Because of this concern, participants could have erred on the side of caution when responding to questions.

Participants may have wished to avoid certain questions that may lead to a perception of having participated in corruption. To mitigate above limitations I strived to establish rapport with participants so that they could feel comfortable in giving honest responses. The responses to the research questions from different personalities enhanced the process of triangulation (Schell & Rodriguez, 2000).

1.4. Delimitations

The research was carried out in Kigoma-Ujiji Municipality. According to National Board of Statistics & Kigoma Regional Commissioner's Office (2013) the municipal has the population of 215,458. Kigoma-Ujiji Municipal, has many social problems. The problems include, corruption, poor roads, prostitution, homeless children, problems of poor attendance of pupils and students in school and water supply service issues. The rationale of carrying out the research in this area, is due to the fact that in this area there are two kinds of social groups; these are high and low class people which create economic inequality.

Researcher controlled delimitations may limit the possibility of drawing general conclusions from study's results (Patton, 2002). The objective of future studies should consider a wider constituency. A requirement of research is for the researcher to be unbiased throughout the study, with the notion that neither party feels they need to interpret the results or analyze the situation during the interview phase (Schmicking & Gallagher, 2010).

Both the interviewer and the participants brought an awareness of the phenomenon to the interview; both looked at the experience differently after the interviews were complete (Schmicking & Gallagher, 2010). The interviewer should have no preconceptions regarding how or to what degree the phenomenon may or may not occur. The collection of such data may provide a unique understanding of the phenomena involving challenges related to addressing the practice of corruption in Tanzania.

1.5. Objectives of the thesis

1.5.1. Main objective

To assess how corruption affects the economic development in Tanzania, case study Kigoma/Ujiji municipality.

1.5.2. Specific objectives

- To define a conceptual framework of corruption that includes activities that operates in the public and private domains.
- To review the proposed causes of corruption that exist, and then have looked on the current corruption measurements used in empirical research.
- To discuss the general effects of corruption on socio-economic development and growth of business and entrepreneurships on come across to the evaluation of anticipated policies and actions that may help to reduce corruption.
- To quantify the effects of corruption on Tanzania's economic growth in general sense using comparative case study approach.
- To evaluate the effectiveness and feasibility of corruption reduction policies within the Tanzania context.

According to Christopher Korale (Deryke, 2001:79) to the book *Impact of Corruption on Democratic Governance*, defined corruption is in two main folds; first, it is an abuse of an

influential position for private gain, secondly; it is an exploitation of a system for securing unmerited advantage.

For instance, when referring this study to the leadership and power in African communities, one can find that the fight for leadership positions has been a strong feature of governance in African countries. Military takeovers Governments have been frequent and even democratic elections have often turned out to be and death exercises.

Robert Klitgard et al (2002:2) on the book titled Corruption and development, defines corruption as the misuse of office for private gain. The office is position of trust, where one receives authority in order to act on behalf of an institution, be it private, public, or nonprofit. Corruption means charging an illegal price for a service or using the power of the office to further unlawful aims.

Corruption, also called rent seeking activities by some researchers, has always been difficult to define and measure due to its nature. Corruption is usually defined as what is relevant to the topic for the research study. Precise definition of corruption was difficult to establish for several reasons. First, corruption might be defined differently dependent on the cultural or economic context. For example in Japan, gift giving is an ingrained cultural trait or corruption can be so prevalent in a country that it has become an accepted behavior. Second, corruption behavior should be judged separately from their moral value. For example, some actions might not be considered corrupt but morally wrong while some other actions might be considered corrupt but morally correct. Third, many activities fall under the grey area in which the intention of the givers must be considered.

There are many definitions of corruption. The classic definition, which was particularly in vogue in the 1990s, is *the misuse of public power for private gain*.(Atuobi, 2008:19). Furthermore, Jeremy Pope (2000:2) the former head of Transparency International also has defined corruption as *the misuse of entrusted power for private benefit*. After looking on the concept definition of corruption, here are the research tools that might help during gathering information.

1.6. Significance of Study

This research is significant from both an academic and practical perspective for the following reasons:

(a) This thesis provides an overall discussion of the current research findings on corruption and its effects on economic growth and development. Measurement instruments, causes and cures of corruption are also discussed. This thesis provides researchers with a comprehensive base from which to commence further research work.

(b) This thesis evaluates the various corruption measurements available and highlights their characteristics and shortcomings. Researchers or scholars who are new to the study of corruption will be more aware of the possible limitations to these corruption measurements in their research.

(c) This thesis highlights the negative effects of corruption on economic development and growth, especially in a developing country context. One of the critical first steps for an effective remedial action plan is for a broad base understanding and agreement on the brutality of this

problem. Only then will there be sufficient momentum and political will to tackle the problem of corruption by institutional officials and the citizens.

(d) This thesis tries to quantify the economic effects of corruption in Tanzania in general using a case study approach. Tanzania has experienced explosive growth in foreign investments over the last several years, and it was able to maintain the level of capital capturing despite the uncertain global economic conditions.

(e) It discusses the various remedial policies and actions recommended in the literature in general and evaluate their suitability for application in the Tanzanian context.

1.7 Research question

What are the effects of corruption on the economic development in Tanzania, and how effective and feasible have been the corruption reduction policies undertaken in the Tanzanian context to tackle this issue?

1.7.1 Sub questions

- What are the main key causes of corruption in Tanzania?
- What are the other effects of corruption to the government and individuals?
- How is the Tanzanian government fighting against corruption?

1.8 Research hypothesis

Is a proposition or a set of proposition set forth as an explanation for the occurrence of some specified group of phenomena either asserted merely as a provisional conjecture to guide some investigation or accepted as highly probable in the light of established facts.

1.8.1 Assumption 1

The higher levels of corruption the lower levels of economic development in Kigoma/Ujiji Municipality Tanzania.

1.8.2 Assumption 2

Top down approach used to create and implement policies is causing the insufficient reduction of corruption in Kigoma/Ujiji Municipality and Tanzania in general.

1.8.3 Assumption 3

The low payment of wages to government employees causes corruption practices in Tanzania.

1.9 Literature review

Daniel Kaufmann (2002) in title *Corruption: The Facts*; generally found that there is negative correlation between levels of corruption and economic growth; the higher the level of corruption, the lower the economic growth.

There are attempts to define corruption as Umutoniwabo Robert in article *Impact of Corruption on Democratic Governance*, defined corruption in two main ways. First, it is an abuse of an influential position for private gain. Second, it is exploitation of system for securing unmerited advantage. Robert Klitgard (2002:2) in the book titled *Corruption and development* defines corruption as the misuse of office for private gain. The office is position of trust, where one receives authority in order to act on behalf of an institution, be it private, public, or nonprofit. Corruption means charging an illegal price for a service or using the power of the office to further unlawful aims. Jeremy Pope, the former head of Transparency International, in title *Preventing Corruption in Humanitarian Operations* also defined corruption as the misuse of entrusted power for private benefit. Tim Sheifer in the book titled *Play and Development* argued

that there is an unfair or inequitable transfer of wealth or benefits from corruptive activities and that a small number of individuals benefited from the act while another group of individuals are adversely affected. Sheifer classified corruption into three regimes; one in which no bribe is needed, one in which payment of bribe will ensure supply of the goods, and one in which payment of bribe does not guarantee the supply of the goods.

Opinions vary with regard to the causes of corruption. George Abed in title *Governance, Corruption and Economic Performance* stated that, the degree and progress of economic and structural reforms in developing countries explains more of the economic development and growth than corruption measurements. This makes corruption only a symptom of weak institutional structures that require reform. Hamid Mohtadi in title *Democracy, Corruption and Growth* speculated that the level of corruption in an economy can be affected by its age of democracy as alternative for the stability of the institutional structure. Johan Galtung in *A Structural Theory of Imperialism* refers to this as pure structural violence, especially when traffic police are freer in the sense that they have created power to decide anything upon drivers, especially taxi and town bus drivers to pay them even if there are no problems relating to a car. Refusing to pay makes the police to start creating difficulties to the driver.

Corruption in bureaucracy also receives attention. Akhil Gupta in title *Messy bureaucracies* emphasized that the quality of bureaucracy is a subjective measurement of the quality of the institutional framework which includes the opportunities for corruption, the probability of getting caught, and the severity of the punishment. Gupta also elaborated that the stronger the rule of law in a country, the lower the level of corruption. Corrupt officials will have less incentive to extract rents if the probability of getting caught is high or if the penalty is stiff.

Loishiye Sikoi in title *Corruption in the Judiciary and Delays of Cases in Tanzania* stated that, the judiciary faces low standards of judicial services due to a poor regulatory framework, weak management and coordination of judicial institutions, and ineffective human resources and administration. Although the constitution provides for judicial independence, the judiciary has, in practice, rarely restrained the government in politically important cases. High-level government officials are rarely prosecuted for corrupt practices, and the sanctions provided are not as strong as they should be.

Alberto Ades in title *The Causes and Consequences of Corruption: A Review of Recent Empirical Contributions*, claims that countries that have higher degree of competition in the industrial sectors and high trade openness are associated with lower level of corruption. Countries that are relatively closed and have many governmental interventions like trade restrictions, subsidies, price controls, and foreign exchange limitations and regulations are associated with higher level of corruption. Also, Paolo Mauro in the title *Why Worry About Corruption?* hypothesized that family oriented cultures, are more prone to corruption as family members help each other. Moreover, Daniel, Bacarese and Hatchard in the book, *Corruption and Misuse of Public Office*, stated that 'grand' corruption is the type of corruption which is on the high level whereby political decision makers create law and apply them to promote their well-being, their status and their personal power. Whereas petty corruption which is normally applied by public administrators.

There are forms of corruption which Brian Loughman and Richard Sibery (2011:419) tried to distinguish to their book *Bribery and Corruption* and emphasized that are the greatest global risks. They include bribery or the promise and offer of giving of any benefit that

improperly affects the actions of decision of a public official. There is also embezzlement and misuse of public assets that are entrusted to an individual. Fraud is another angle involving some form of trick, pretense in order to obtain a benefit or gain unjust advantage. And there is the abuse of power, where one uses vested authority to improperly benefit or give undue preferential treatments to any group or individual or using vested authority to discriminate against any group or individual.

1.10 Theoretical Framework

There are various economic and social theories for examining corruption. These include principal-agent, public choice, social and cultural, institutional, cultural and neo-institutional economics framework, distributive justice norms, and e-government theory.

1.10.1 Principal-agent theory

Suzan Rose-Ackerman (2010) in title *Comparative Administrative Law*; used the principal-agent theory to posit relationships between citizens, civil servants, and clients that provide opportunities for corruption. The theory is based on the assumptions that a civil servants responsibility is to maximize the public benefit and that corruption occurs when that civil servant decides to maximize private benefit over public benefit. The principal agent theory operates under conditions of perfect information and under conditions of information not being completely available to agents. For instance, viewing corruption through a principal-agent lens emphasizes the rational choices of individuals that place in discrete incidences of corruption. This focus implies that corruption is ‘solvable’ with policies that alter the level of discretion given to agents and their individual incentive calculations. Consequently, anti-corruption

interventions, guided by principal-agent models, have focused on reducing the discretion of civil servants, increasing monitoring mechanisms, promoting transparency in government, supporting anti-corruption civil society groups to serve as watchdogs, and strengthening sanctions on those who engage in corruption, so as to better align the incentives of potential 'agents' with those of their perspective 'principals'.

Toke Aidt in title *Economic Analysis of Corruption*; commented that, under conditions of perfect information, the agency costs are too high for the civil servant to accept corruption. While Anwar Shah in title *Performance Accountability and Combating Corruption* argues, with less than perfect information, because of monitoring costs and the difficulty of taking collective action, the public official is able to indulge in corruption without citizens being aware. . Principal-agent theory can play a central role in explaining why transparency is essential in transactions.

Transparency is a problem in developing economies in which government policies tend to be endogenous and centralized, and civil servants tend to monopolize resource distribution. Shah asserted that empowering citizens through fair elections, effective laws, and other forms of civil engagements can help to reduce information irregularity. The practices of accountability can uncover leadership challenges to addressing corrupt practices by government and business leaders.

1.10.2 Public choice theory

Leon Felkins in title *Introduction to Public Choice Theory* emphasized a model captured by Nobel Prize-winning Economist Amartya Sen, which give a focus on many developing economies that, corruption has evolved with the economic structure from a centralized economy

to a decentralized economy. According to public choice theory, self-interest motivates officials' actions. The basis of public choice theory is the assumption of the existence of constitutional governance. For instance, Public choice analysis has roots in positive analysis ("what is") but is often used for normative purposes ("what ought to be") in order to identify a problem or suggest improvements to constitutional rules basing to constitutional economics.

1.10.3 Institutional theory

Institutional theory is the theory suggested by Lynne Zucker in title *Institutional Theories of Organization* (1987), aim of adoption of these legitimated elements, leading to isomorphism with the institutional environment, increases the probability of survival. Michael Kraft's Public Policy (2007) Institutional Theory is a policy-making that emphasizes the formal and legal aspects of government structures. Actually Institutional theory is a widely accepted theoretical posture that emphasizes rational myths, isomorphism, and legitimacy. Looking on clear picture you find that Institutional theory focuses on the deeper and more resilient aspects of social structure. Richard Scott adding by saying that it considers the processes by which structures; including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior, whereby organizations are also social and cultural systems in which members compete for resources other than goods and services as Joe DiMaggio & Sidney Powell, in title *Licensed to Lie: Exposing Corruption in the Development of Justice* used institutional theory to study concepts of international alliances and pricing transfers that allow firms to transfer large sums of money without paying taxes and to take advantage of other cost advantages. Eduardo Campos and Sanjay Pradhan in title *The Many Faces of Corruption* concretizes that different

components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse.

Though, Richard Scott in title *Institutions and Organizations* has defined three levels of institutional analysis for viewing developing countries: (a) Global structures, (b) governance structures, and (c) the actors within these institutional settings. The officials in global structures set the formal models and menus and informally enact them for the other two. The leaders of the global structure organizations dictate what is deemed possible, acceptable, and legitimate within the organizational context (Scott, 2008). The World Trade Organization could be an example of a global structure for developing countries (United Nations, 2008b).

Governance structures consist of organizational fields that define the domain and organizations that influence the operations within the domain, emphasized by Scott (2008). In developing countries for instance Tanzania, the governance domain could be the government; and the influencing organizations would be contractors, aid providers, and other governmental partners (Shah, 2007). The influencing organizations vary by shape, structure, size, and cultures are subject to environmental influences and the organizational field (Suzan Rose-Ackerman, 2002).

Other researchers Jonathan Pinto, Carrie Lean and Frits Pil, have focused on individual players as actors in corruption. Scott (2008) assumed all actors seek to legitimize their actions within the environment and keep adopting new legitimacy norms. Such action creates convergence for similarities of structure, thought, and action that could embrace corruption as an acceptable premise within the institutional environment, creating isomorphism (DiMaggio & Powell, 1983).

DiMaggio and Powell (1983) have defined three levels of isomorphism. The first level is coercive isomorphism and relates to political activities (Powell, 2007). The second level is mimetic isomorphism and refers to likelihood of organizations and individuals imitating actions of others (DiMaggio & Powell, 1983). The third level, normative isomorphism, refers to the collective values leading to conformity of ideas and thoughts.

According to the coercive isomorphism principle, corruption can be prevented by organizations that can force actors to conform to international norms. In developing economies, these norms could include adherence to global organizational rules, strong media protest, and actions conducted by nongovernmental organizations (NGOs; Kaufman, 2007). The positive influence of mimetic isomorphism is the integration of developing economies in the global economy.

Sandholtz and Taagepera (2005) found more integrated countries had lower levels of corruption. Normative isomorphism can stem from many group norms, such as those of religious organizations (Tawney, 2006; Weber, 1952). Under normative isomorphism, 18 corruptions are combated (Swanton, 2005). These aspects of institutional theory will provide a useful contextual framework for analyzing the accounts of Tanzanian government officials.

1.10.4 Cultural and neo-institutional economics framework

One of the most prominent contemporary figures of institutional analysis in economics is Douglass North, who received the Nobel Prize for Economics in 1993.

Jabbra and Dwivedi (2005) have argued corruption in Africa stems from defective cultural norms and behaviors. Other researchers have attributed corruption to cultural clashes

between traditional and foreign norms and have tended to view corruption as an unavoidable product of economic modernization and political development (Alam, 1995; Bailey, 2006). Scholars have suggested that bureaucratic corruption stems from society's collective modes of thinking, whereas most tribes in Africa would see tribal demands as greater than the demands of individuals (Mbaku, 2007). Public officials may engage in corrupt activities, such as nepotism or embezzlement, to further tribal causes (Gould & Mukendi, 1989).

Most African governments have weak laws and regulations that tend to foster corruption (Mbaku, 2008). In such economies, resource allocation is politicized, and in many cases, civil servants have replaced the market as the main resource allocator (Shabbir & Anwar, 2008). Bureaucratic corruption is enhanced when government activities are prevalent in the running of the economy (Hanson, 2009). Many developing economies in sub-Saharan Africa have such characteristics, and the purpose of the research is the determination of whether the cultural and neo-institutional economics frameworks are valid in the case of Tanzania.

1.10.5 Distributive justice theory

John E. Roemer in title *Theories of Distributive Justice* explores the major new philosophical concepts of the theory of distributive justice. Is a theory that takes as its primary aim the attainment of maximum possible happiness of a society as a whole. This goal is to be achieved in such a way that one first checks what makes every particular individual in a society happy, then sums up all these various wants and preferences, and finally finds out how to satisfy the greatest number of them. A policy which makes happy the greatest number of persons, or the one which frustrates satisfaction of desires of the least number of them, is the only one which is right to choose. Utilitarianism shows interest in distribution of goods only if this has some

impact on maximization of overall happiness. Authors that defend this line of thinking generally claim that approximately equal distribution of resources has the best effect. This is so, they believe, because a certain good is of less value to someone who already has a lot of it, than to someone who possesses a very short supply of the good (e.g. one extra dollar means much less to a millionaire than to a beggar). Harvey (2009:5) said, the distributive justice theory varies according to what is to be distributed. The purpose of distributive justice could be addresses the distribution of economic indices, such as income, wealth, jobs or opportunities. Another purpose could be to cover how resources are distributed, such as by individuals or groups of people. Distributive justice theory implies equal access for all material goods and services. John Rawls in the book titled *Handbook of Intergenerational Justice* explain that, principle of distributive justice implies respect for the individual. In developing economies, the distributive justice principle lacks means of enforcement because of the lack of proper indices for valuing goods for equal distribution.

The distributive justice principle could incorporate the difference principle and welfare principle. Difference principles advocate equal claim to basic rights (Ibid, pp 74). The principle also implies economic and social conditions should be linked to positions and offices available for all and should serve the interest of the least advantaged by providing equality (Ibid, pp 257). According to the welfare principle, people's welfare is of primary importance (Roemer, 1996).

Another distributive justice principle written by Mark B. Brown (2009) in the book *Science in Democracy*; is the resource-based principle, which advocates equal access to basic resources. Other distributive justice principles include the desert-based principle and the libertarian principle. The desert based principle advocates distribution is according to

contribution, effort, and adequate compensation to individuals (Harvey, 2009). The libertarian principle advocates the concept of entitlement (Brown, 2009).

1.11 My Role as a Researcher

Being a citizen enabled me to be accepted to talk to the community. This also facilitated data collection because people related to me as part of the respected society. Again, being a Tanzanian helped me to easily understand procedure for obtaining the research permit. My position as a student from abroad enabled the data collection to be fast as I was respected.

1.12 Methodology used

The research methodology used in this thesis is based on theory-seeking approach. “The theory-seeking approach aims to understand and interpret a given phenomenon using conceptual tools developed while reflecting on the phenomenon in question. This kind of approach is an explicitly non-linear approach o theorizing” (Ackerly and Jacqui, 2010: 80). The approach is used to examine the phenomenon of corruption and its effects on economic development, a case study of Kigoma/Ujiji Municipal, Tanzania. Based on the theory-seeking approach, I use qualitative method. With respect to qualitative method, I use relevant secondary resources. The main authors that are used to conceptualize the main concept of corruption and its effects are Amartya Sen and Suzan Rose-Ackerman.

Also, I used both qualitative and quantitative methods in this thesis. In qualitative method the data collected through questionnaires, unstructured interview, focused group discussion and participation observation. As Kothari (2011) emphasise in title “*Research Methodology*” a quantitative method of data and all gathered information are presented in statistics form and used

in analyzing and interpretation of those findings. The interviews were conducted informally. According to Fetterman (1989: 41), “informal interviews offer the most natural situations or formats for data collection and analysis”. Moreover, the questions of the interviews were designed using open-ended questions and have several series of questions. This aims to “discover and confirm the participant’s experiences and perceptions” (Fetterman, 1989: 43). Furthermore, for the analysis of the case study, I use phenomenological approach to analyze individual experience and perception of corruption and its effects.

1.12.1 Research design

The research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.² This thesis is explanatory in nature in that sense it quantify the effects of corruption on economic development in Tanzania. Also, a researcher recommends some policies that can help to reduce corruption, based on case study of reforms in other countries and theoretical and empirical contributions from different studies.

The study uses an approach of interpretive way of peace. This approach assisted a lot to understand and describe the meaningful of social action, definitions of circumstances created by human relations, to describe the group’s meaning system which are generated and sustained as well as the values which included the part of social life in different groups.

The study findings have been collected from Kigoma/Ujiji Municipality, Tanzania from the 100 respondents, 40 male, female 40 and 10 girls and 10 boys. These findings were in the

² Claire Selltiz and others, *Research Methods in Social Sciences*, 1962,p.50.

course of the use of simple random sampling from selected sample size from the study population of Kigoma/Ujiji Municipal area. During the data collection, I applied and analyzed the data through various methods such as *qualitative* and *quantitative* methods and administering questionnaires to the respondents via self-administered questions, observation methods that observing the concrete impacts from the area as well as interview methods. The study done involved the different professionals and respondents from people.

1.13 Structure of the thesis

This thesis is organized into five chapters. Chapter one gives the introduction, the overview of the corruption and its effects on economic development in Africa, Tanzania and in Kigoma/Ujiji Municipality context. It also presents research objectives, significance of the study, research questions, research methodology, related literature and theoretical framework. Chapter two focuses on corruption and its effects in Africa. Chapter three is on corruption and its effects in Tanzania. Chapter four is on the underlying effects of corruption in Kigoma/Ujiji Municipality, which is the focused case study area. Chapter five is the general discussion, focusing on the conclusion and recommendations.

CHAPTER TWO

CORRUPTION AND ITS EFFECTS IN AFRICA

2.0 Chapter Introduction

This chapter is about corruption and its effects in Africa. Corruption exists throughout the world, in developed and developing countries alike. In recent years there have been significant increases in the attention paid to corruption in part due to several factors. First, is a series of high level of corruption cases in industrialized countries; Second, it is due to an increasing awareness of the costs of corruption throughout the world. Third, it is due to political and economic changes which many countries are undergoing. Corruption in Africa is a development challenge. According to Michael Johnston in his book *Civil Society and Corruption: Mobilizing for Reform* stated that; African countries cannot bear the costs of corruption, which impedes development and minimizes the ability of governments to reduce poverty. Effectively addressing corruption in African countries has become a development issue (Lawal, 2007: 4).

Corruption is also principally a governance issue, and a challenge to African democratic functioning. It is a failure of both institutions and the larger framework of social, judicial, political and economic checks and balances needed to govern effectively. When these formal and informal institutional systems are severely weakened by corrupt practices, it becomes harder to implement and enforce laws and policies that ensure accountability and transparency. Thus, according to the UNDP Anti-Corruption Practice Note, corruption undermines the rule of law and leads to the violation of human rights by fostering an anti-democratic environment characterized by uncertainty, unpredictability, declining moral values and disrespect for constitutional institutions and authority (UNDP, 2004).

According to Oluwaseun Bamidele (2013:2), it has been a challenge for almost two decades now; African Union and other regional organizations have undertaken to improve governance and combat corruption as a core requirement to achieve the goals of African development that it is working for. In poor and developing African countries around the continent, African works with a range of institutions to make anti-corruption one of its imperatives in improving the governance of African countries, and the lives of African citizens, especially the poor. African Union was one of the institutions in the 1990s to develop programmes to address and curb corruption, as part of its mandate to reduce conflict, meet the economic, social, and political developmental goals and promote sustainable economic and political development. Since then, anti-corruption has been a rapidly growing area of African Union assistance, making African a provider of anti-corruption technical cooperation within its governance portfolio.

Looking these issues in other perspectives; the advent of the United Nations Convention Against Corruption (2005), brought new challenges and opportunities to the fight against corruption in African countries. It is increasingly being realized that success in meeting sustainable development and peace in Africa will depend on both the “quality” of democratic governance and the generation and management of financial resources.

Figure 1: Map of African countries



Source: <https://www.google.com/maps/place/Tanzania/>

Corruption is a pervasive problem in both the developed and developing world. In recent years, the problem has gained much interest due primarily to a series of high level corruption cases in industrialized countries, an increasing awareness of the cost of corruption throughout the world and the practical and economic changes many countries are undergoing. In Africa however, corruption is a development issue. Under the United Nations Office on Drugs and Crime (UNODC, 2009) Southern Africa Representative Jonathan Lucas labeled corruption as “a crime against development, democracy, education, prosperity, public health and justice - what many would consider the pillars of social well being.”

Transparency International's (TI) 2010 *Corruption Perceptions Index* (CPI, 2010), identified Africa as the most corrupt region in the world. Sub-Saharan Africa is also one of the most under-developed regions on earth. While Governments commit large sums to addressing the plethora of problems hindering development on the continent, corruption remains a major obstacle to achieving much needed progress. It is therefore imperative that anti-corruption measures form part of Africa's development agenda to ensure future growth and prosperity in the region.

Once corruption becomes entrenched, its negative effects multiply. It induces doubt, because people begin to regard it as the norm. It undermines social values because people find it easier and better paid to engage in corruption than to seek legitimate employment. Also, it erodes governmental legitimacy because it hampers the effective delivery of public goods and services. Furthermore, it limits economic growth because it reduces the amount of public resources, discourages private investment and saving and slows the efficient use of government revenue and development assistance funds.

While this thesis argues that, the ultimate responsibility of combating corruption lies with countries themselves, there is a role for both regional cooperation and international support (Ayittey, 2002:23). This brings up the idea that many corrupt practices are localized or are confined within the boundaries of individual countries. Many more, however, are not. International business transactions have long been recognized as fertile ground for corruption. Much of the money gained as a result of corrupt practices is kept in safe havens outside of Africa. Some parties to corrupt activities may be based in neighboring countries and those accused of corruption often simply move to other countries to avoid prosecution.

Oluwaseun Bamidele in title *Corruption, Conflict and Sustainable Development in African States*; given African Union's previous work and its widespread presence at the regional level, member states are increasingly approaching African Union country offices for technical assistance in establishing and strengthening national anti-corruption institutions, developing strategies and laws to prevent corruption, and designing and implementing appropriate interventions. It is within this context that this primer explores the theoretical relationship between corruption, conflict and the various aspects of development including economic growth, governance, human development, and environment and sustainable development. Daniel Kaufmann (2009) also concludes with its technical assistance to effectively implement anti-corruption interventions to reduce corruption, conflict and promote sustainable development.

Corruption is now recognized as a global phenomenon, which has to be addressed coherently and consistently.

2.1 Conceptual Classification

Corruption: Corruption is a worldwide phenomenon that is found every society. In Addition, it is the bane of most political and economic problems in societies, and is an enemy of economic development because of its various vices.

Corruption is a systematic vice in an individual, society or a nation which reflects favoritism, nepotism, tribalism, sectionalism, undue enrichment, amassing of wealth, abuse of office, power, position and derivation of undue gains and benefits. Adding to that, corruption also includes bribery, smuggling, fraud, illegal payments, money laundering, drug trafficking, falsification of documents and records, window dressing, false declaration, evasion,

underpayment, deceit, forgery, concealment, aiding and abetting of any kind to the detriment of another person, community, society or nation. Again, careful study of the presentation of infection shows that corruption transcends bribery but includes; treasury looting and also the deliberate bending of rules of the system to favor friends or hurt combatant (Bowler Kimberly, 2011).

Looking corruption in Africa is a development and social issue which becomes an impediment to change and a serious constraint on economic growth and poverty reduction. Corruption in African countries has become endemic, as such, it is found almost in all aspects of life. Endemic corruption implies a breakdown of the rule of law and in most instances a loss of state legitimacy (Thompson, 2007:2). As a result, people come to rely on connections and favors instead of formal political, social and economic rules and illegitimate use of state resources becomes acceptable. Where corrupt practices have become entrenched, large scale corruption by which government officials amass large fortunes co-exists with petty corruption by which officials at almost every level request payment to perform tasks or provide services which they should be doing as part of their job. An average African comes to see corruption and the inefficiencies and distortions it creates, as an inevitable side of life (Alan Doig and Robin Theobald, 2013:9). Over-time, the public sector becomes dysfunctional, the legal system proves ineffectual and the institutions of government lose legitimacy. Rod Burgess and Mike Jenks in book titled *Compact Cities: Sustainable Urban Forms for Developing Countries* emphasize, such kinds of degraded situations cause growing percentages of economic and administrative activity to become informal, thereby further widening gap between the government and the people.

Development: Development is one of the most ambiguous terms in social sciences discourse. Development in human society is not a one-sided process but rather a multi-sided issue. Individuals perceive development as increase in the skill and ability; they view it as maximum freedom, and the ability to create responsibility. It is the process of bringing about fundamental and sustainable changes in the society. It encompasses growth, embraces such aspects of the quality of life as social justice, equality of opportunity for all citizens, equitable distribution of income and the democratization of the development process (Bruno Yammeluan Ikuli, 2006:27).

According to Gbenda Lawal and Ariyo Tobi to the publication title *Bureaucratic Corruption, Good Governance and Development: The Challenges and Prospects of Institution Building in Nigeria* mentioned, development is all about the capacity of members of the society to actualize themselves by participating actively in the social engineering of their life and destiny. It entails the ability of the individuals to influence and manipulate the forces of nature for their betterment and that of humanity.

Development is a multi-dimensional concept and in spite of the various conceptions, development is basically about the process of changes which lies around the spheres of societal life. Although the above definition of development is clearly seen to be human-centered, I must immediately chip in the fact that the whole concept of development has not always been egalitarian as we now know it to be.

There is a linkage between corruption and development. Gbenga Lawal on journal titled *Corruption and Development in Africa* commented that; in Africa the system lacks the capacity to manage its resources effectively and efficiently to improve the quality of life of the African

people because corruption has become significantly a major threat to good governance and expected development.

Economy: Is the main key point of state, due to the fact that if economy of a country is well stabilized then the citizens will have a better standard of living. An economy or economic system consists of the production, distribution or trade, and consumption of limited goods and services by different agents in a given geographical location. According to Kenneth Boulding in title *Economics as a science* pointed out “The economic agents can be individuals, businesses, organizations, or governments”. Thus every economy is a system that allocates resources for exchange, production, distribution and consumption. The system is stabilized through a combination of threat and trust, which are the outcome of institutional arrangements (Paul A. Samuelson and William D. Nordhaus, 2004).

There is a direct relationship between development and economy. When talking about development, is automatic touching economic system of a certain society. Looking to the definition of economy that is the state of a country or region in terms of the production and consumption of goods and services and the supply of money; this means wealth. If there is high rate of corruption practice it affects wealth, starting from individuals to a country.

Human Development: The approach of development has become the ultimate goal in the international agenda. The concept of development, according to Sachs, has been launched and adopted by every nation after the Second World War. Since then, it has divided North and South by declaring the Southern hemisphere as an under-developed area. The concept of development provides a framework that has become a reference to policy-making to the South

(Sachs, 1992:3). However, the approach has raised many critiques stating that it is not bringing positive changes to the societies, and instead giving reasons and justifications for powerful countries to exploit the impoverished ones, which in turn has led to many economic, social and environmental problems. The major critique that is presented here is the focus of development as economic growth. Some argue on the critique that poverty will not be eliminated by the expansion of economic growth and the trickle-down effects of capitalism (Streeten et al. 1981; Stewart 1985; cited in Elaine, 2008:25). Nevertheless, it is too radical to solely blame the economic development approach. As Nussbaum (2004:330) states, “the dominant economic paradigm encourages continued insensitivity to the situation of the world’s poorest people [...] not because economists are by nature bad people, but because they see things through the lens of a bad theory...”

Here I disagree that the lens of the economic development approach is bad in itself, but the simplistic idea that GNP per capita can accurately measure quality of life is too narrow. In other words, it lacks other focuses and aspects that are significant for human well-being. For example, as Nussbaum and Sen argue, the economic development paradigm is inadequate to analyze the problems that people are facing in the impoverished world (Nussbaum and Sen 1993; cited in Nussbaum, 2004:329) From this statement, it is assumed that the problems that people are facing especially in African society is so complex that any approach using only a single economic metric will not contribute to long term, positive impacts. Nussbaum supports this idea that, “development is a normative concept and that we should not assume that the human norms we want will be delivered simply through a policy of fostering economic growth” (Nussbaum, 2004:328).

The approach of human development is introduced by Mahbub U1 Haq who is a prominent as economist and the founder of internationally influential Human Development Report. The approach is also developed on the basis of the capability approach by Amartya Sen. The human development paradigm sets a new framework for international development policy-making and is revolutionary. According to Haq (1999:21), the reasons are as follows: 1) it agrees that development must put human beings at its center, 2) it focuses on building human capabilities and on using those capabilities for development, 3) it consists of four important components: equity, sustainability, productivity and empowerment, and 4) those four components see economic growth as important element, but emphasizes the need to pay attention on its quality and distribution that contributes to human well-being and sustainability.

With the shift from economic paradigm to human development, policy-makers are able to look at the problems through different lenses, especially in socio-political context. As Nussbaum (2004:330) argues that the policy-makers will use different paradigms that tend to focus on growth, unless the human development paradigm exists. Moreover, the paradigm is based on the capability approach, which includes all the aspects related to real possibilities and freedoms. As a result, it focuses on not only the measurement of growth such as GNP per capita that is used in the economic development paradigm, but also on what people can do or cannot do. According to Haq (1999:23), "...the human development paradigm is the most holistic development model that exists today. It embraces every development issue, including economic growth, social investment, people's empowerment...and all other aspects of people's lives". The issues of corruption that are being practiced therefore can be addressed using this fundamental approach.

UNDP is one of the most influential international organizations that measures and evaluates human development and has published its first HDR³ in 1990. It is stated in the report that the measurement and evaluation are grounded in the capability approach (Robeyns, 2006: 351). The framework of the capability approach is important for guiding development agencies, communities, and individuals along the process of human development. Capabilities in the human development approach can refer to “the freedom to be or to do according to the values of the individual, the family and the community’ (Center for policy and Human Development, 2011). For this reason, Sen has developed the capability approach and integrated it into HDR to gain attention from government and development agencies such as the World Bank (Nussbaum, 2004:329). However, since the capability approach emphasizes values of individual, family and community, it is equally important to make the approach accessible for all levels: international, national and local.

Hence, to make this approach work at the international level, and to argue against the dominant economic growth paradigm, governments and international agencies agreed that no country incorporated the approach and engaged in this effort would be denied resources (Fiske, 2012:8). Many National Human Development Report and Regional Human Development Reports are published and use the same human development paradigm and analytical tool and measurement base on the capability approach. The international and national human

³ Human Development Report (HDR) was first published in 1990 by UNDP by that time having Mahbub ul Haq as the director of UNDP. With the approach of human development and the framework of the capability approach influenced by Amartya Sen and Martha Nussbaum, there are more than 600 national and regional Human Development Reports that use the same guidelines in policy-making. Its recent publication of HD is focused on the rise of the South. See more in Human Development Report 2013 (UNDP, 2013)

development reports drew on the framework of the capability approach to put human being and quality of life at their central perspectives (Center for Policy and Human Development, 2011).

To summarize the human paradigm that is claimed to be vital to development as an expansion of people's capabilities, it is a framework that embraces all development issues. The well-known UNDP's Human Development Reports, Regional and National Human Development Reports have been published and provided assessment of human's quality of life. More importantly, they do not only provide statistical data, but also a measure of people's capabilities (Kabeer, 2003:170). These are all based on the human development and the capability approach. Thus, it is important to use those approaches to analyze the effects of corruption on economic development agendas and the international efforts on the issues.

2.2 Corruption and development in Africa

In post-colonial Africa, corruption has been a cause for concern because it diverts already limited funds, undermines economic progress and hinders policy changes required for development.

Africa presents a typical case of the countries in the world whose development has been undermined and retarded by the risk of corrupt practices. A series of reforms have been carried out in all the African countries so as to make the system of African states efficient and result oriented (Lawal, 2007:6).

Concern over corruption in the Third World, and in Africa in particular, is receiving serious international attention. From being widespread it became systemic, and corruption in Africa has now reached cancerous proportions, with a demonstrable negative

impact on the development process in the region. Bringing together a distinguished cast of contributors, the book edited by Kempe Ronald Hope, Bornwell C. Chikulo titled *Corruption and Development in Africa* provides an authoritative and clear analysis of the theory, practice and impact on the development of corruption in Africa. Corruption undermines good government, fundamentally distorts public policy, leads to misallocation of resources, harms private sector development and economic growth, and significantly hurts the poor. Combating corruption therefore becomes a high priority in the quest for African development.

According to a United Nations estimate in 1991 alone, more than \$200 billion in capital was transferred out of Africa by the ruling elites (Katie Willis, 2011:15). The amount was more than half of Africa's foreign debt of \$300 billion (Ayittey, 2002:30). This wealth resulting from corruption, also forms part of capital flight and on an annual basis, exceeds what comes into Africa as foreign aid (Ibid, 2002:50).

For example, in 2002 Halliburton a US company was accused of establishing \$180 million flush fund with the intent of using it to bribe Nigeria officials in order to secure a \$10 billion Liquefied Gas Plant contract in the Nigeria. According to Lord Aikins Adusei in title *Corruption in Africa: A Cancer that won't go away*, mention; in response to the accusation the company fired Mr. Albert Jack Stanley. Mr. Stanley a former executive of Halliburton (KBR) has pleaded guilty for orchestrating the \$180million flush fund. Even though Halliburton denied any knowledge of such a fund a report by the company later named a British called Jeffrey Tesler as the middleman behind the bribery. Such corrupt practices by western companies seeking contracts in Africa are not uncommon.

In Africa contracts are awarded to party faithful who in turn make attractive financial contributions to the party in power. Because of corruption and bias anyone can become a contractor in Africa. In Africa, state coffers or the treasury are the personal property of the president/prime minister, his family, his partners and his political party. In most of African countries, there is no clear separation of state and ruling party resources, which gives a loop hole for corruption practices. Corruption is so endemic in African society that, political parties have been pledging to combat it with deadly force but when they are elected nothing seems to change.

2.3 Corruption and African situation

Corruption does not necessarily contribute to armed conflicts in African states; however, it can lead to and sustain violent conflict, in the context of patrimonial regimes that are degenerating under local or international shocks and pressures for reform. Corruption could fuel war when, in the absence of a legitimate political regime, certain social groups are favored in the allocation of resources, thus fuelling grievances among marginalized groups. For example, the conflicts in Liberia and Sierra Leone provide evidence for the linkages between the criminalization of politics and economic accumulation.

Corruption in Africa can exist at many different levels. And, some would argue that a definition for African corruption is impossible because it is a concept that is culturally determined and varies from one African society to another. For example, gift-giving to officials may be expected in one country and prohibited by law in another.

The private gain obtained by corrupt public African officials, who have been entrusted with guiding and implementing public policy and service, is at the expense of both the common

good and of those who don't "cheat the system." In this sense, corruption is widely viewed as an immoral practice and is increasingly condemned around the continent. Even those compelled to participate in corrupt African systems in order to survive are frequently fed up with the role that corruption may play in their daily lives. Corruption in Africa creates a system whereby money and connection determines who has access to public services and who receives favorable treatment. Kofi Annan, former Secretary General of the United Nation, put the cost of corruption succinctly in his foreword to the 2004 United Nations Convention Against Corruption (UNCAC). Calling corruption an "insidious plague that has a wide range of corrosive effects on societies." he added that it diverts funds intended for development, undermines the ability of governments to provide basic services, feeds inequalities and injustice and discourage foreign aid investment." (Nathanial Heller, 2009)

As African states struggle to maintain stability in the face of a growing insurgency from the ethnic and religious terrorism, one of the biggest factors that will determine its success is whether its citizens believe that supporting the government will improve their lives more than ignoring or opposing it. Corruption in Africa lies at the heart of this calculation because it prevents money and services from being delivered to the African population and, in many cases, corrupt African officials actually take money from the people in the form of bribe (Bamidele, 2013).

Corruption also promotes impunity and fuel anger over injustice by enabling powerful and predatory leaders to buy their way out of accountability for crimes they have committed. If the African government is seen by a majority of African people as taking more from corruption

than it gives in the form of justice and scrutiny, then it will lose popular support in favor of tribal or religious leaders who can deliver both better.

The problem of corruption in Africa has many causes. Over the past few years since the colonial government established a new democratic order in the continent, a tremendous amount of money and new resources have become available in the form of foreign donor assistance, new business contracts and increased trade (of both legal and illegal products). The African governments have not developed administrative or judicial institutions to manage these resources transparently, which in turn creates large opportunities for elites to enrich themselves at the expense of their countries. Many of the largest contracts for construction, transportation, supply of fuel and control of natural resources have been awarded to a handful of powerful African families through noncompetitive processes. The African police and court systems are also part of the problem because they are often corrupt themselves or at least have no power to punish powerful figures who have stolen from the State.

Although fixing corruption in Africa will be long and difficult task, but it must start at the top, by removing senior African officials that are responsible for the largest corrupt abuse. At the same time, more transparent budgeting and contracting may empower African citizens to understand better where the financial resources provided for their benefit are actually going and therefore to hold African leaders accountable for how they are actually used.

There are many indicators with which to assess or measure African corruption. One of them is the affluent living habit of the public African officials compared to their declared

income. Corruption occurs when public an African official expects to be induced to perform an act which that public official is ordinarily required to do by law.

Corruption in Africa slows down development. One of the most widely discussed consequences of corruption is the distortion of African government expenditure. This often results in public money being wasted on white elephant projects, rather than people-oriented programs such as health and education. As a result, more opportunities are presented for corrupt use or diversion of funds. Raising the ethical standards of governance can lead to many benefits especially for the economic, political and social development of a country. Fighting corruption and promoting good governance in Africa is therefore crucial to developing an environment that facilitates the social, political and economic development of the African people.

However, while there are often general statements made about the effect of African corruption on development, there is not an explicit recognition that corruption is more than just wealth misappropriation or abuse of power. Corruption in Africa impoverishes countries and deprives their citizens of good governance. It destabilizes economic systems. When organized crime and other illegal activities flourish, basic public functions are eroded and the quality of life of the people is reduced. Bribery, for example, is universally regarded as a crime but it also reflects socio-economic problems that require broad-based preventive measures, and the involvement of the African society at large.

Another implication of Africa measures against corruption is making African government work better by improving the economy. Finally, redesigning political and regulatory African structures will reduce corruption and other anti-system players that encourage corrupt practices.

These practices have particular repercussions in African countries emerging from conflict because monies or financial resources that are needed for development of, for example, roads, utilities, education, health care and transportation, are diverted by greed and desire to survive and get ahead in a broken system.

Corruption in Africa reaches many levels and aspects of governance and spans a range in its scale. Corruption that involves the public interacting directly with low or mid-level bureaucrats who implement policies is known as “petty corruption”. A health inspector taking money from a restaurant owner to give a passing inspection is an example of petty corruption. “Grand corruption”, in contrast, involves high-ranking public African officials or politicians who influence policies and rules. They can influence policy to give African businesses unfettered access to natural resources, or help pass laws or regulations that are willing to pay. In unstable African countries, another form of grand corruption occurs when African politicians buy votes of voters in order to get elected and, once in office, engage in corrupt practices to cement their rule. And, even in stable African democracies, it is not uncommon for legislators to use their positions of power to reward their financial supporters with favor, the awarding of contracts, or the drafting of new laws. Poor regulation over “the flow of private money into election campaigns and political party coffers” is the “number one governance challenge around the world,” notes Watchdog Group Global Integrity (2008).

2.4 Aspect of Corruption in African States

There are many terms that are used in discussing African corruption. Bribery, fraud, embezzlement, nepotism and favoritism are some commonly used terms. Bribery an offering of

values for some action in return, is one example of corruption. Other terms associated with African corruption include fraud (using a trust position to deceive for profit), embezzlement (the theft of government resources by those in authority) and nepotism (favoritism shown to friends of relatives by those in power). While corruption can include all of these terms, it is not just financial gain; there can also be political and legal gains that often include exclusive access to African decision makers and African political and legal authorities. Favoritism is practiced widely in African states but when there is no exchange of money. It is not legally considered bribery. A favor is simply expected in return at some later stage. It may be favor granted in return for political support or an appointment to a position. Such preferential treatments given to friends, relatives or business partners are very common and some argue that such practices undermine the concept of fair play.

As corruption is widespread in African states and because of its diverse forms, it is extremely difficult, if not impossible, to measure. Nathaniel Heller (2009) compares measuring corruption to “trying to measure a black hole. You can’t measure it because you can’t see it,” he adds. Transparency International (2010) therefore, does not measure corruption, but rather assesses its opposite. That is, it examines the anti-corruption and good governance institutions, mechanisms and practices that are in place. On this basis, the African countries it identified in 2010 as not having these elements and, thus, being at “serious risk of high-level of corruption” included in the ranking- Somalia (the most corrupt), Sudan, Chad, Burundi, Angola and Equatorial Guinea. (Botswana is ranked as the “least corrupt” African nation.)

And, there are other corruption indices that are commonly referenced and provided a regional picture. Transparency International has published an annual Corruption Perceptions

Index (CDI) that ranks the countries of the African states according to “the degree to which corruption is perceived to exist among public African officials and politicians.” It measures how corruption affects African people where they live, such as how much they might have paid in bribes over a given period, for example.

Transparency International (2011) notes that “Fragile, unstable African states that are scarred by war and ongoing conflict linger at the bottom of the index.... Demonstrate[ing] that African countries which are perceived to have the highest levels of public sector corruption are also those plagued by long standing conflicts, which have torn apart their governance infrastructure.” Indeed, some of the top African states on the list of the fund for Peace’s Failed States’ Index are the same as those on the CPI, such as Botswana, Mauritius, Rwanda, Namibia, South Africa, Ghana, Nigeria etc. Among others, these African states show sharp economic declines, little government, legitimacy and a deterioration of public services and arbitrary applications of the rule of law.

In many of these cases, system corruption exists that is where corruption in Africa has become a key part of the economic, social, or political order and where the major African institutions of government are captured by corrupt individuals or groups. It is interesting to ponder whether corruption like this exists because the state has failed, or whether corruption among African elites has led to state failure. Whichever is the case, the link between corruption, conflict and failed states is a strong one.

2.5 Causes of corruption in Africa

Corruption in Africa makes a significant contribution to the study of the impacts and eradication of corruption in African societies. John Mukum Mbaku in his book titled *Corruption in Africa: Causes, Consequences, and Cleanups*, offers a comprehensive analysis of the causes of public malfeasance in African countries and provides a number of practical and effective policy options for change. Also, Mbaku emphasizes the important role that institutions have in corruption control and he recommends reconstructive democratic constitutions as the most effective means of development. Until African states provide their people with institutional arrangements that adequately constrain the state and enhance wealth production, the living standards in the continent will continue to deteriorate (Mbaku, 2010:265).

Due to the World countries surveyed in 2012 by Transparency International; 90 % of African countries had a score below 50 on a scale of 0-100. (0 is highly corrupt and 100 is free from corruption) The least corrupt country on the index in Africa is Botswana with Somalia being at the opposite end. Causes of corruption in Africa are supply and demand, back scratching, irresponsible foreign lending, and weak public watchdogs and enforcers.

2.5.1 Supply and Demand

A simple explanation for the high corruption index of African countries is the availability of supply side kickbacks generating a demand side market. Businesses and individuals have been indoctrinated and conditioned into accepting the giving of a bribe as being a necessary cost of doing business. According to Jerry Rawlings Warns Jonathan, former Ghanaian president in title *Fight corruption now or face bloody revolution*, emphasize, the casual manner in which a public transport operator stashes folded bills ready to palm off into a traffic policeman's hand is the

symptom that proves the disease. Multi-nationals that use a slush fund masquerading as a corporate hospitality account to lubricate their business deals with largesse and financial inducements, exhibit the same corrupt mentality as their government counterparts.

2.5.2 Back Scratching

Politics in Africa is most often the preserve of the well off who can fund and create the machinery required to run and manage the electoral system to their advantage. However, the relative wealth of political aspirants is nothing like the riches that await an elected politico at the “trough of high office.” Once in office there is no shortage of local monied backers willing to play the ancient game of “I will scratch your back if you scratch mine.” Making the ministerial pay check stretch a little further becomes a temptation hard to resist in countries where “transparency” is almost a swear word. Back scratching has another important and sometimes deadly manifestation in the shape of nepotism and the obligation to look after one’s kith and kin. This ethnic based cause of corruption derives from the desire to spread finite and slender resources to those who form the power base of the politico.

The consequences of an ethno-corrupt convergence, has led to civil wars and more recently to the displacement of thousands of people from their homes and lands as in Kenya after the elections of 2007.

2.5.3 Irresponsible Foreign Lending

Until fairly recently foreign donors were relatively uninterested in how the money they poured into Africa are misused. The advantages of giving loans to impoverished African countries, charging them a high rate of interest on the loans and insisting that the money be used

to fund imports of knowledge, services and manufactured goods from the donor country, overshadowed the nasty smell of corruption.

Money poured into Africa, huge amounts taped off to offshore bank accounts and the rest is used to mismanage economic development, leading to the need for new loans to rectify the failed projects. And so the gravy train moves on and on.

Admittedly there have always been ethical foreign lenders who took care to ensure the recipient countries are capable of using the loans appropriately as well as managing the debt servicing pressures created by the loan.

2.5.4 Weak Public Watchdogs and Enforcers

According to a ranking of press freedom by Reporters without Borders African media is less free than Europe and the America's, but more so than Asia-Pacific and the Middle East. A weak and sycophantic press and broadcast media cannot hold corrupt public officials to account. The fear of reprisals, sometimes fatal, keep questions and research into graft and venal impropriety muted. There is little appetite to join in a campaign to create a transparent environment where politics meets economics.

According to a Guide To The Kenya Constitution -Leadership and Integrity Part 6 of 18⁴ Subservient judiciaries staffed by compliant, handpicked judges who owe their position to the executive are often willing collaborators in the obfuscation around allegations of wrongdoing. As

⁴ Posted by a Kenyans thoughts on April 25, 2013 in Kenya Pilitics, <https://kangethemb.wordpress.com/2013/04/25/a-guide-to-the-kenya-constitution-part-6-of-18/>. Retrieved on May 25, 2015.

an example, the Anglo Leasing scandal in Kenya has never had a single conviction after open court due process.

Corruption is very widespread in African states and because of its diverse forms; it is extremely difficult, if not impossible, to measure. Nathaniel Heller (2009) compares measuring corruption to “trying to measure a black hole. You can’t measure it because you can’t see it,” he adds. Transparency International (2010) therefore, does not measure corruption, but rather assesses its opposite. That is, it examines the anti-corruption and good governance institutions, mechanisms and practices that are in place. On this basis, the African countries identified in 2010 as not having these elements and, thus, being at “serious risk of high-level of corruption”.

And, there are other corruption indices that are commonly referenced and provided a regional picture. Transparency International has published an annual Corruption Perceptions Index (CPI) that ranks the countries of the African states according to “the degree to which corruption is perceived to exist among public African officials and politicians (Transparency International, 2010)”. It measures how corruption affects African people where they live, such as how much they might have paid in bribes over a given period, for example. The latest CPI in 2011 draws on 13 different polls and surveys 10 independent institutions.

Transparency International (2011) notes that “Fragile, unstable African states that are scarred by war and ongoing conflict remain at the bottom of the index..... Demonstrate[ing] that African countries which are perceived to have the highest levels of public-sector corruption are also those plagued by long standing conflicts, which have torn apart their governance infrastructure.” Indeed, some of the top African states on the list of the fund for Peace’s Failed

State's Index are the same as those on the CPI, such as Botswana, Mauritius, Rwanda, Namibia, South Africa, Ghana, Nigeria etc. Among others, these African states show sharp economic declines, little government, legitimacy and a deterioration of public services and arbitrary applications of the rule of law (Fund for Peace, 2006).

In many of these cases, system corruption exists that is where corruption in Africa has become a key part of the economic, social, or political order and where the major African institutions of government are captured by corrupt individuals or groups. It's interesting to ponder whether corruption like this exists because the state has failed, or whether corruption among African elites has led to state failure. Whichever is the case, the link between corruption, conflict and failed states is a strong one.

Without the risk of being exposed and prosecuted there are little incentives for those who engage in corruption transactions to amend their behavior. Improving accountability through legislative and judicial reforms increases the expected punishment of corrupt behavior by raising the probability of conviction if detected and the penalty if convicted. It increases the expected costs of corrupt behavior and reduces the perceived net benefits of corrupt act.

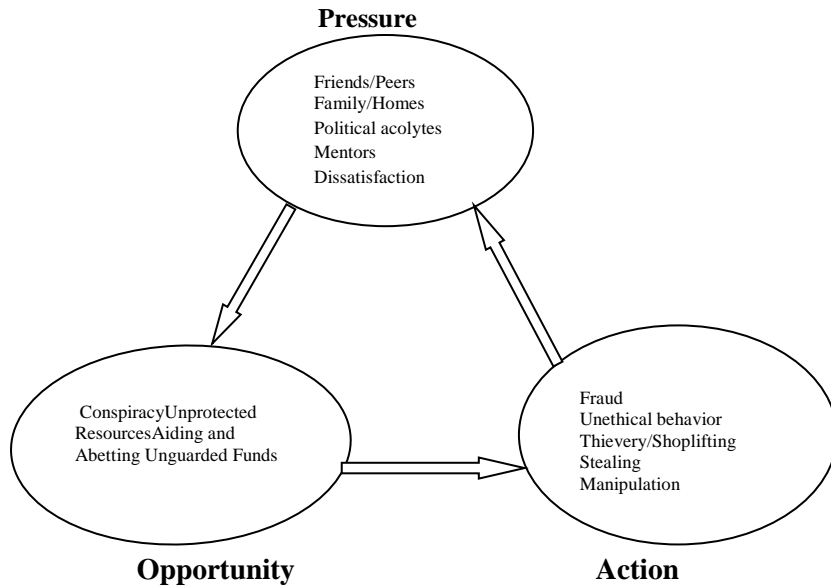
2.6 Effects of corruption in Africa

The effects of corruption are felt in the political and social, as well as the economic, spheres. Although the direct costs of corruption may be high in terms of lost revenue or funds diverted from their intended use, the indirect costs in terms of the economic distortions; inefficiencies and waste resulting from corrupt practices are more problematic over the long-term and thus make it more difficult to address.

Corruption increases the costs of doing business, wastes resources, hence radically reduce revenues accruing to the state. It also results in poor service delivery, “moonlighting” or multiple concurrent sources of employment and refusal to perform normal functions without additional payment. Moreover, corruption deepens poverty and makes it difficult for ordinary people to get ahead as the result of their own efforts (Lawal, 2007:4). A good example here, is when a person with low income settings, seeking for a social service and be asked to give something as corruption in order to be saved, this direct affect and decrease the economy of the respected person who is poor will continue to be in poverty line.

The social and economic cost of corruption disproportionately affects the poor, who not only suffer from the lack of services and efficient government, but who are also powerless to resist the demands of corrupt officials (Ojaide Francis, 2000:8). Different arguments have been put forward to explain the pervasiveness of corruption in Africa; these include poverty, the personalization of public office, the political culture and the inability of leaders to overcome their colonial mentality in respect of their perception of public office. (Lawal and Tobi 2001). In a clear understanding, below is the figure illustrating corruption model that explains effects of corruption in Africa as suggested by Kpakpin.

Figure 2. KPAKPIN CORRUPTION MODEL



Source: Rotimi Ekundayo Mathew & Obasaju Barnabas (2013)

Figure 1 presents kpakpin corruption model comprising the trio (Pressure, Opportunity and Action). The nexus within the trio is the channel through which fraud or corruption practices manifest. For any form of corruption or corrupt practice to manifest, the trio channel must come to being and be realized. These components could be internal or external (i.e. from within and outside) and sometimes, it could even be both. Pressure within is endogenous, in built, intuitional, deliberate and premeditated in nature. Most time, pressure within is attributable to undue development appetite for reckless or spendthrift life style which might necessitate uncontrollable spending that the available or expected income stream cannot accommodate or satisfy without dearth. Meanwhile, external pressure is exogenous; it includes pressure emanating from the environment outside the reach of an individual. This includes but not limited to pressures from friends, relatives, political acolytes, religious group members and community group members. In most instances, this manifestation is as a result of trying to meet the

expectations, yearnings and aspiration of the above mentioned groups rather than self-aggrandizement. In doing this, the journeys to search for corrupt opportunities or openings commence. Of course such corrupt searches are always born out of crookedness, dishonesty and wantonness.

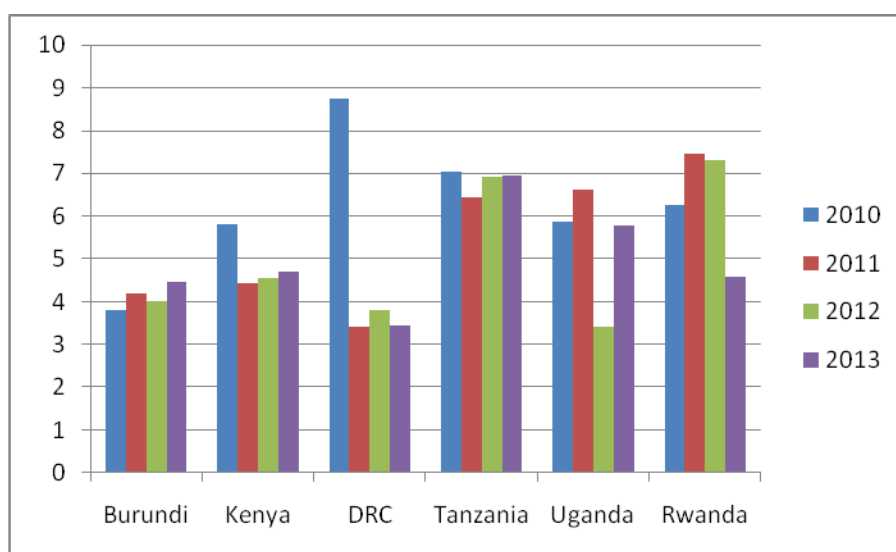
The search uses every available means to satisfy the corrupt appetite which, most of the time, could be socially inclined. When an opportunity is established, action is struck which are the third and the last of the above model. At this stage all the components have being fully practiced towards accomplishing the hydra-headed monster eroding the value system of the economy. Corruption occurs as a result of uncontrollable pressure giving room for opportunity for the purpose of an action to be struck for the accomplishment of fake fame. An instance of this is the noticeable nefarious acts of some law enforcement agents who illegitimately block the high and express ways, extorting money and other valuables from road users and also causing accidents for innocent souls. In this situation, pressure emanates from bosses, family needs, peers and even undue envy from colleagues at work. Next, they scout for opportunity operations (Illegal road block, illegal task force among others). This is then complemented with action. In addition, pressures evolve from homes sometimes due to poor remuneration or careless management of resources making their resources insufficient to cater for their necessary needs. For some other individuals, it could be due to unsolicited boost of egos.

The effects of corruption in Africa can be analyzed from three main perspectives; the political, economic and socio-cultural. From the political point of view, according to Transparency International, corruption has the capacity of engendering political instability, breakdown of law and order, brain drain, inefficiency of the public service among others. It

includes a special regulation of political finance worldwide, the practice of vote buying, barriers to transparency in the arms and oil sectors as well as efforts to repatriate wealth looted by politicians like what happened during Sani Abacha of Nigeria and Mohamed Suharto of Indonesia during their leadership (Robin Hodess, 2004). The subsequent impairment of political development and stability is directly related to socio-economic growth and development. National development is handicapped in an atmosphere of political instability and uncertainty, with the result being that effective long-term planning is jeopardized (Enu Kwese, 2015).

Viewed from the economic perspective; corruption is an enemy of economic development in the international scene, as it gives the continent a poor image in the international scene and in interpersonal and business relationships. Economic and social infrastructural facilities are vandalized to create room for unnecessary replacement and purchases or conversion to personal use (Abubakari Kargibo, 2010).

Graph 1: Show Economic growth: The rate of change in real GDP in East African Countries



Source: http://www.theglobaleconomy.com/indicators_data_export.php

In the socio-cultural context; corruption, apart from engendering poverty has the capacity of changing the social values of a good and progressive society dramatically to nothing else than the pursuit of wealth affluences, power and society recognition.

2.6 Efforts of combating corruption in Africa

Corruption involves choices, it does not just happen. Fraud and corruption require that people both choose to engage in corrupt practices and have the opportunity to do so. Strategies to address corruption therefore have to address the element of choice as well as that of opportunity. They have to make corruption a high risk and low gain, as opposed to a low risk and high gain, endeavor. Such strategies have to be country specific because what works in one country may not be necessarily work in another. For instance, according to the Commonwealth (2014) during the past two decades, Ghana has emerged as a model of stability and good governance as an example for the rest of Africa. Its democratic norms are entrenched, it has a rapidly increasing middle class and its public services have displayed good practices. Ghana also has an active civil society and a strong media. These are core markers of a healthy democratic culture. Region wide, there are some good signs. Several Commonwealth African countries are amongst the top 60 global performers in the Corruption Perception Index used by Transparency International (2013).

Some measures to address corruption have to be put into place in and by individual countries themselves. There is a need to re-establish governmental legitimacy and re-build institutions as well as hitting hard at corrupt practices.

The problem and consequences of corruption are not only felt in Africa, the costs are felt beyond national borders. However, the African condition is acute due to the economic resource deficiencies of the continent. Corruption in wealthy countries has relatively little impact on the

day to day livelihoods of the citizens. In Africa corruption takes life saving medicines away from rural mothers and children. It prevents girls from going to school and hinders the creation of jobs by stifling entrepreneurial spirit. In short where resources are limited or inequitably distributed, corruption has a very real and visible day to day effect on people's lives (Bamidele, 2013).

Reducing corruption in Africa, for that is the best we can hope for, will require a transcendental shift in the political, economic and civil society paradigms. By that I mean the political environment has to be redefined to accommodate people with a true sense of public service rather than those who pay lip service to it in order to get access to the trough. How this happens is a matter of conjecture, but I suggest diminishing the monetary and financial rewards of office will mean only public spirited people will choose to stand for election.

The economic model is rather more difficult to change because this is the pointed end of business where wealth is created and money talks. By adopting a zero tolerance stance on corrupt transactions, empowering the media to investigate without fear or favor, and encouraging the judiciary to stamp on the vice will all cause players to change their attitudes and hence behavior over time (International Crisis Group, 2006).

In my estimation, African civil society is closest to accepting a change in the corruption culture that pervades the continent. People going about their business have had enough of paying additional fees for services that are rightfully theirs. Changing their attitudes and behaviors requires those at the top of the tree to show real discipline and courage of conviction in fighting corruption. Corruption is only one of several challenges that face Africa as it seeks to fulfill the different potentials it clearly possesses. However, of all the challenges, this is perhaps the hardest to overcome because at its root is the fact that people are weak and greedy.

2.7 Challenges in combating corruption in Africa

In an environment of disorder like Africa, it is very difficult to put into practice even the simplest changes. Many of the policy prescriptions for rooting out corruption and establishment of good governance in Africa, states are merely ideals for many African states that are in the throes of conflict, or emerging from it. These fragile states, some of them nascent or struggling democracies, may face many hurdles in attaining anything close to a sustainable development. Even if there is not outright violence being committed by economic or political gladiators, there may be vast number of refugees, little (if any) government infrastructure, limited access to basic service resources with which to build.

Many of these African states depend heavily on foreign assistance until they can get basic security in place, or the institutions of governance up and running. In that sense, post-conflict reconstruction has been a “growth industry” for the African community, which finds itself with the complex task of trying to help rebuild failed states. And, the process can take so many years. The anti-corruption forces were conceived in the context of post-conflict recovery efforts to promote reconstruction, but the term has now taken on broader meaning to include, among others, providing humanitarian relief, protecting human rights, ensuring security, establishing non-violent modes of resolving conflicts, fostering reconciliation, repatriating refugees, and aiding in economic reconstruction. International actors, bilateral donors international and local civil society organizations and private security agencies may all be involved in these processes.

There are many reasons why it is difficult to bring about a sustainable development in a continent that has been ravaged by conflict. According to Oluwaseun Bamidele with title

Corruption, conflict and sustainable development in African states; corruption is not the only benchmark related to fragility of a state, many of those involved in anti-corruption work are increasingly recognizing that corruption can be a major factor in preventing sustainable development from emerging. Cheyanne Scharbatke and Krby Reiling (2009) argue that “In conflict where nepotism or patronage networks exclude vast swaths of the population from decision-making and access to resources, then corruption lies at the heart of society’s problems.” It is true that the corruption networks themselves can reinforce the very divisions along lines of ethnicity, religion or class which feed the conflict cycle. If corruption is not addressed, the chances of that durable solution in the form of lasting positive peace remain slim. Robert Looney (2008) give a concrete example of Nigeria that in many of the key public ministries that should be playing a lead role in the country’s reconstruction system of accountability, internal control and the role of law are lacking. Not surprisingly, public service declined, Nigerian citizens grew more disappointed, and many wondered how foreign aid was really being used.

As those involved in strengthening fragile African states work at the challenging task of building good governance and anti-corruption forces by promoting participation, accountability, transparency, rule of law, and other such important components of what we believe contribute to a stable and just society. It is clear that no quick and simple solution exist. For example, independent media and access to information in African states can foster transparency, accountability, and informed participation. However, free press could contribute to polarizing the exhausted and dissatisfied public when those who have ethnic, political, or social bias control and use privatized media outlet. And, a sudden increase in public distrust of those who are governing what is more, in a country that has suffered through years of instability or conflict,

citizens who are leaders and are representatives of the African population may be all guilty of participation in corrupt acts or worse.

Conclusion

The discussion of chapter two shows corruption levels in Africa have continued to increase. In many African countries, corruption is outlawed; but throughout the region, corruption is entrenched into society. Corruption is increased by the lack of legislation and undemocratic political activities. Corruption is enhanced by ineffective anti-corruption practices due to weak policing and judicial systems, low accountability for public resources, and a lack of integrative efforts to combat corruption across borders (TI, 2007).

Corruption in Africa is costing the continent so much and restricting its development. The consequences and effects are also on the increasing side. In a bid to improve its African reputation and ensure an environment conducive to rapid economic and political change, Africa must be prepared to look inward at tackling the problems that is besetting the continent for a long time. It is hoped that many of the reforms which some African countries are establishing if sincerely implemented will over a long time create the conditions which make corruption both more difficult and more risky to engage in.

Also in worldwide, corruption is a serious problem that weakens societies, ruins lives, and impedes development. As one of the world's most corrupt regions, it is vital that Africa tackles the problem with increased strength. Effectively addressing corruption on the continent must become a development imperative as African countries cannot bear the costs of corruption.

As ever, it is the poor and marginalized who suffer most from corruption, but as a threat to the development of the region, fighting corruption becomes the shared responsibility of every African. In addition to anti-corruption measures being made an integral part all development strategies at the State level, the private sector and civil society must assist Government in fighting the scourge. Only then will Africa be able to achieve the development, growth and prosperity required for the continent to reach its full potential.

As discussed in this chapter, the problem of corruption in Africa has various causes as part of them have mentioned already. Since the colonial government established a new democratic order in the continent, a tremendous amount of money and new resources have become available in the form of foreign donor assistance, new business contracts and increased trade (of both legal and illegal products). The African governments have not developed administrative or judicial institutions to manage these resources transparently, which in turn creates large opportunities for elites to enrich themselves at the expense of their countries. Many of the largest contracts for construction, transportation, supply of fuel and the control of natural resources have been awarded to a handful of powerful African families through non-competitive processes. The African police and court systems are also part of the problem because they are often corrupt themselves or at least have no power to punish powerful figures who have stolen from the State.

Also, there are many indicators with which to assess or measure African corruption. One of them is the affluent living habit of the public African officials compared to their declared income. Corruption occurs when public an African official expects to be induced to perform an act which that public official is ordinarily required to do by law. Poor regulation over “the flow

of private money into election campaigns and political party coffers” is the “number one governance challenge around the world” noted by Watchdog Group Global Integrity (2008)

Finally in many of cases, system corruption exists that is where corruption in Africa has become a key part of the economic, social or political order and where the major African institutions of government are captured by corrupt individuals or groups. It’s interesting to ponder whether corruption like this exists because the state has failed, or whether corruption among African elites has led state failure. Whichever is the case, the link between corruption, conflict and failed states is a strong one.

CHAPTER THREE

CORRUPTION AND ITS EFFECTS IN TANZANIA

3.1 Chapter Introduction

War against corruption is one of the priorities of the Government of Tanzania. Despite various measures taken by the government to combat corruption including prosecuting many corrupt officials; it is still a serious problem in the country.

The Government of Tanzania has been battling against corruption since the early days of independence, and the efforts have been re-doubled in the past years with the adoption of new and comprehensive anti-corruption strategy. The measurement has been tracking public attitudes about the prevalence of corruption and their ratings of the government's efforts to combat this problem since 2001 (INCSR, 2010:598)

Presidents of Tanzania have made strong commitments to fight corruption. Since the publication of the 1996 Warioba report assessing the state of corruption in Tanzania, the country established a comprehensive body of regulations, laws and oversight institutions aimed at preventing, investigating and sanctioning corrupt practices. These include establishment of the Prevention of Corruption Bureau, a Good Governance Coordination Unit, and the Ethics Inspectorate Department (Bertelsmann Foundation, 2014). Although the public perceive corruption to have declined in recent years, possibly as a result of these efforts, both petty and grand forms of corruption continue to be present in political and administrative systems. For instance, some corruption issues led to the resignation of the Attorney General of Tanzania in

early December 16, 2014⁵. Enforcement remains limited, with anti-corruption institutions suffering from lack of staff, resources and coordination. Civil society remains to a large extent excluded from official policy (REPOA, 2008).

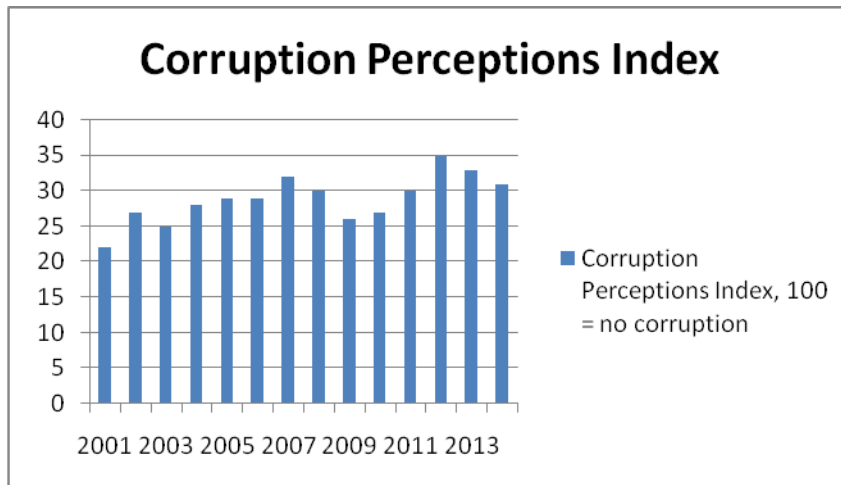
Global Organization of Parliamentarians Against Corruption (2005) *Handbook on Controlling Corruption* gives an insight and offers a comprehensive yet concise reference on corruption in Tanzania. According to members of the African Development Bank (ADB, 2007) indicated corruption led to a loss of approximately 50% of fiscal revenues. This amount could be greater than the amount Tanzania owes to foreigners (ibid, p.vi). Many individuals in Tanzania have an income of less than \$1.7 dollar a day and therefore feel the strongest impact of corruption (Andvig, 2008). Poorer people spend an average of 2% to 3% of their income on bribes, whereas the rich spend about 0.9% of their income on bribes (ADB, 2007; Mbaku, 2008).

Transparency International data for Tanzania from 2001 to 2014 show the average assessment of corruption for Tanzania during that period was 28.86 points with a minimum of 22 points in 2001 and a maximum of 35 points in 2012.

Looking on many of these cases, system corruption exists that is where corruption in Tanzania has become a key part of the economic, social, or political order and where the major African institutions of government are captured by corrupt individuals or groups. It is interesting to ponder whether corruption like this exists because the state has failed, or whether corruption among African elites has led to state failure. Whichever is the case, the link between corruption, conflicts and failed states is a strong one (Bamidele, 2013).

⁵ BBC News Africa, (17 December 2014) <http://www.bbc.com/news/world-africa-30513108>

Graph 2: Shows Corruption Perception Index in Tanzania



Source: http://www.theglobaleconomy.com/indicators_data_export.php

3.2 Definition of corruption in Tanzanian perspectives

In Tanzania, corruption is the abuse of public position for private benefit, whether that private is individual or group. It is a two-way process, involving members of both the public and private sector, who are engaged in illegal, illegitimate and unethical action that diminish a country's economic prospects and degrade its social and political institutions (United Republic of Tanzania, 2004).

3.3 Forms of corruption

Tanzania's corruption is entrenched in all aspects of the government. There are five main forms of corruption in Tanzania. These are bribery and grease payment, petty and grand corruption, bureaucratic corruption and political corruption (Elizabeth Nduku and John Tinyamwene, 2014:22).

3.3.1 Bribery and grease payments

Bribery is the payment sought by public officials or offered by private agents in return for favors such as government contract. Grease payment is money paid to public officials to do work that they are already being paid to do, such as issuing a license. Examples of grease payments include discreet payments to obtain a business license in a foreign country; to secure a required visa; to receive police protection; or to obtain telephone service. In other words, the payment should resemble a tip paid to a solicitous waiter: a gratuity for performing a service he/she was already required to provide. The difference is that the grease payment is usually made before the service is rendered (Bryane Michael and Peter Langseth, 1998:2-3). Also, according to Bailes Robert (2006) in title *Facilitation payments: Culturally Acceptable or Unacceptable Corrupt?* explain grease-payment defense cannot be relied upon when a payment is made to a foreign official in order to influence his decision to award new business or continue business with a covered person. A bribe is to exert undue influence to obtain something to which you are not entitled (Kaufmann, Kraay, and Mastruzzi, 2006).

3.3.2 Petty and grand corruption

Petty corruption occurs at a smaller scale and within established social frameworks and governing norms. Example of this is bribes in rendering social services, kickbacks given to the police, licensing officers, magistrates, doctors and clerks; sex demanded from employment seekers and political positions. Also, include the exchange of small improper gifts or use of personal connections to obtain favors, while grand corruption involves big or massive transactions through, among others, contracts and concessions (CETA, 2011). It can be in construction, huge purchase, provisions and mining. It takes the form of skewed investment

decisions that work for personal gain; transfers of cash money from public to private investors; illegitimate tax exemptions, tax holidays, ghost projects in which money is received but the intended construction half or never happens and money laundering as Liberatus Mrema and Simon Mhando analyzed in a research title *Causes and Failure of Housing Projects*. This type of corruption is often occurs at the highest level of the establishment.

3.3.3 Bureaucratic Corruption

This is the abuse of discretion by public officials to bend or circumvent rules and regulations in exchange for certain benefits. It occurs mostly where there is considerable rewards and punishment discretion under an official's control. For instance, many civil servants also illegally increase their compensation by providing services to interest groups that seek favors from the government (Babeiya 2011). Complex laws and lack of administrative capacity create an environment conducive to corrupt practices. Of Tanzanian respondents in the GCB 2013, 56% stated they had paid a bribe for public sector services and 85% of respondents perceived the public sector to be corrupt (Transparency International 2013b). Government officials estimate that each fiscal year, corruption is responsible for a 20% loss from the government's budget (Bertelsmann Foundation 2014). In its audit of 136 construction projects, Tanzania's Public Procurement Regulatory Authority found fraud and corruption in local governments to be a major area of concern (World Bank 2012).

Dealing with permits and licenses is cumbersome and time-consuming and provides many opportunities for rent-seeking. Executives surveyed in the 2013-2014 Global Competitiveness Report list inefficient government bureaucracy as one of the most problematic

factors for doing business (World Economic Forum 2013). In particular, the Tanzania Port Authority and the Tanzania Revenue Authority are cited as major hindrances to importers (US Department of State 2013). Consequently, the Global Competitiveness Report survey indicates that Tanzania has a pronounced ranking 132 out of 148 surveyed countries on the question about how common it is for firms to make undocumented extra payments or bribes (World Economic Forum 2013). While the Takrima practice is now prohibited, civil society organizations note that elections and by-elections are still characterized by this practice (TACOSODE 2009).

3.3.4 Political corruption

Since its first multi-party elections in 1995, corruption allegations have affected the political landscape in Tanzania. In 2012, the speaker of the National Assembly disbanded the parliamentary committee on energy and minerals due to corruption allegations, including allegations that some members of parliament were soliciting bribes from the ministry in order to approve the ministry's budget, and that some members of the committee had conflicts of interest with the Tanzanian Electric Supply Company (Legal and Human Rights Centre 2013).

The Tanzanian executive also undermines anti-corruption initiatives. Appointments to law enforcement agencies are often based on non-professional criteria. Party loyalties or personal relationships are often a decisive factor (Business Anti-Corruption Portal 2013). Law enforcement officials, most often high-level ones, allegedly enjoy protection from criminal investigations (Business Anti-Corruption Portal 2013). In addition, elections supervisory boards and have been blamed for being too partial in support of the ruling party due to limited operational autonomy from the ruling party (Babeiya 2011).

Of all the Tanzanian respondents in the Global Corruption Barometer 2013, 68% felt that political parties were corrupt or extremely corrupt. There is growing concern from civil society organizations, the media and general public over an excessive use of money and other resources to influence voters (Babeiya 2011). There is also The Traditional Hospitality Act – also known as Takrima in Kiswahili that was introduced by the CCM in 2000 as a way to ensure that those competing for political positions could reward their supporters with drinks, food and entertainment. However it appeared as a vote-buying operation and seemed to unfairly discriminate against opposition candidates who could not afford to reward their voters (Babeiya 2011). While the Takrima practice is now prohibited, civil society organizations note that elections and by-elections are still characterized by this practice (TACOSODE 2009).

3.4 Causes of corruption in Tanzania

The causes of corruption in Tanzania are rooted in the country's political and legal development, its social history, bureaucratic traditions, economic conditions and policies.

3.4.1 Political factors

In Tanzania, political manipulations have occurred that include “vote rigging, the sale and purchase of votes, registration of unqualified or dead voters, and the falsification of election results”. In Tanzania, democratic principles are weak, and people do not always follow the rule of law (TEMCO, 2010:7).

Governmental involvement in the economy and regulation of public life creates the basis for corrupt practices in Tanzania, although only those associated with the regime may benefit. Tilla McAnthony, Rick Stapenhurst and Martin Ulrich (2002) in title *Parliamentarians Fighting*

Corruption a Conceptual Overview supported by saying that centrality of power is linked to the supremacy of state over associational life.

3.4.2 Bureaucratic factors

These include the expansion of the state bureaucracy with the attendant increase in discretionary powers for the bureaucrats. Growth of the bureaucracy allows select individuals to gain direct access to state resources and to enjoy considerable privileges associated with administrative office. Brian Martin in title “*Bureaucracy*” explained some efforts by social activists have resulted in challenges to bureaucratic control. For example, in Tanzania some education systems there have been struggles for more participatory decision-making and greater community control. Because schooling is only partly bureaucratized, there is more political potential for teacher and community activists to push for local self-management. According to Anwar Shah in title *Performance, Accountability and Combating Corruption* commented that, there is a great need for such struggles to be studied and for political insights from them to be drawn out. Incentives for corruption therefore expand because public officials have considerable control over the instruments regulating socio-economic benefits, and private parties are willing to make illegal payments to secure those benefits.

3.4.3 Legal factors

The quality of a country's legal system, particularly the possibility of being caught and punished meaningfully, determines the level of corruption. On the other hand, it will be important that anti-corruption investigators interact effectively with other agencies. These factors are in turn linked closely to the existence of effective anti-corruption laws, such as those pertaining to conflicts of interest and election campaign financing. Effective laws depend on the

credibility and ability of the police and judiciary to act against corrupt practices. It is proved that given the need for autonomy and independence and the extreme sensitivity of many corruption cases, a careful balance should be struck when establishing the relationship between anticorruption investigators and other agencies. In environments where corruption is believed to be relatively pervasive and widespread, complete autonomy is advisable. Establishing an anticorruption unit in a police force may not be advisable, for example, if there is a significant likelihood that the police themselves may be investigated or if they are suspected of corruption. In any situations where these conditions are not met, corruption is liable to spread quickly (Anti-Corruption Tool Kit, 2002).

3.4.4 Economic factors

Under this factor, levels of economic development do affect the forms and sectors where corrupt transactions take place. For instance, in Tanzania among the economic changes that have been taken place in recent years, privatization is the one that has been more closely linked with corruption (Vito Tanzi, 2004:8).

3.4.5 Transnational factors

As clearly explained in Controlling Corruption by GOPAC (2005), corruption has strong transnational dimensions. Despite the achievements of independence, Tanzania in transition have been described as suffering from a 'new colonialism' of corruption, which transnational forces have played a role in fostering. The developed world is not blameless, as corruption involves two-way traffic the briber and the bribed both of which are responsible.

This final issue is addressed in a number of initiatives, for example, through the Organization for Economic Co-operation and Development. There is also the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in which over 35 countries agreed that paying bribes to foreign public officials in order to obtain international business deals was no longer acceptable (OECD, 2009). This goes together with Tanzanian corruption policy which also does not allow any kind of corruption to be handled.

3.5 Consequences of corruption in Tanzania

Corruption has detrimental effect on economic development and hence social welfare in Tanzania. Generally, corruption has the following consequences:

3.5.1 Political consequences

Corruption is insidious, attacking the quality of governance and stability of nations by undermining the legitimacy of the Tanzanian political process. According to Hamad Rashid Mohamed (2008)⁶, in Tanzania political corruption has the following 13 negative impacts:

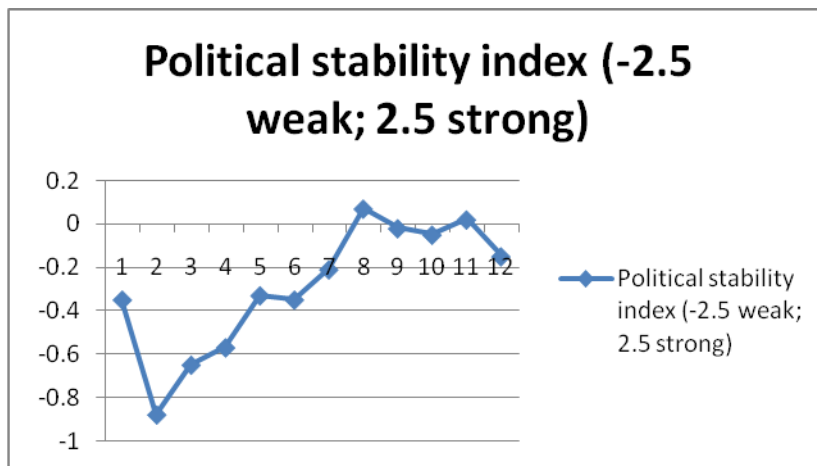
1. Substitute's personal gain for ideology and principle.
2. Prevents or makes it more difficult for governments to implement laws and policies.
3. Damages status of politicians and encourages people to join politics for wrong reasons.
4. Undermines public trust in politicians and in political institutions and processes.
5. Erodes international confidence in the government.
6. Encourages cynicism and discourages political participation.

⁶ Honorable, Hamad Rashid Mohamed, (MP, November 1, 2008).

<https://hakinaumma.wordpress.com/2008/11/01/on-political-corruption-and-political-parties-funding-in-tanzania/>
Retrieved on March 17, 2015.

7. Can contribute to political instability and lead to conflicts.
8. Perverts the conduct and results of elections.
9. Ensures that the poor remain politically powerless.
10. Consolidates political power and reduces political competition.
11. Delays and distorts political development and sustains political activity.
12. Limits political access to the advantage of the rich.
13. Reduces the transparency of political decision-making.

Graph 3: Shows how is political instability in Tanzania



Source: http://www.theglobaleconomy.com/indicators_data_export.php

The graph above shows how the political instability in Tanzania according to the political instability index is.

Corruption affects other spheres of the governance system as well. The bureaucracy may become captive to political parties and become similarly infested with corruption. Political parties arrange employment and promotions for their supporters, both throughout the public

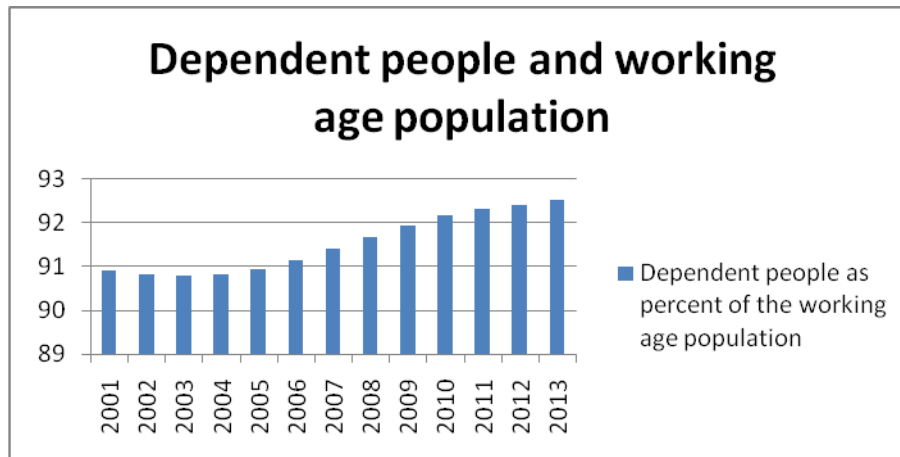
service and with ‘friendly’ businesses in the private sector. For those striving to create open, competitive and transparent forms of political activity, corruption offers a range of obstacles and imposes significant costs.

3.5.2 Economic consequences

The economic costs of corruption vary according to the scale and frequency of corrupt transactions and on which part of the economy and population are most affected by it. In principle, corruption acts as an unofficial tax on consumers and producers and those least able to pay suffer the most from its regressive impact. So in presenting the negative effects of corruption on economic and political development I would like to begin from the fact that in Tanzania, corruption tends to shift government spending away from the social areas towards the construction of unneeded projects or lower quality investments in infrastructure (Frunzik Voskanyan, 2000:29).

Unneeded projects or low quality investments are direct affects people due to not managing to be involving with economic activities caused by bad infrastructures such as roads, railways, etc. This has been shown when comparing regions that have a very good infrastructure, for instance, Northern regions such as Kilimanjaro, Arusha are regions that are growing very fast economically, rather than those areas/regions lacking good infrastructure like Western regions such as Kigoma, Tabora, Katavi and Rukwa.

Graph 4: Showing percentage of dependent people in Tanzania



Source: http://www.theglobaleconomy.com/indicators_data_export.php

In a general sense, there are significant correlations in Tanzania between high levels of corruption and a range of negative economic consequences including:

1. Creating inefficiencies in the operation of markets.
2. Distorting the composition of public expenditure by focusing spending on activities likely to yield large bribes, for example, major public construction works and defense contracts.
3. Reducing the level of direct foreign investment by adding costs and creating uncertainty.
4. Petty corruption imposes disproportionate costs on the poor but its wider economic costs are limited. Large scale or grand corruption can destroy the economy and impoverish entire populations.

Table 1: Showing Investments rates in Tanzania

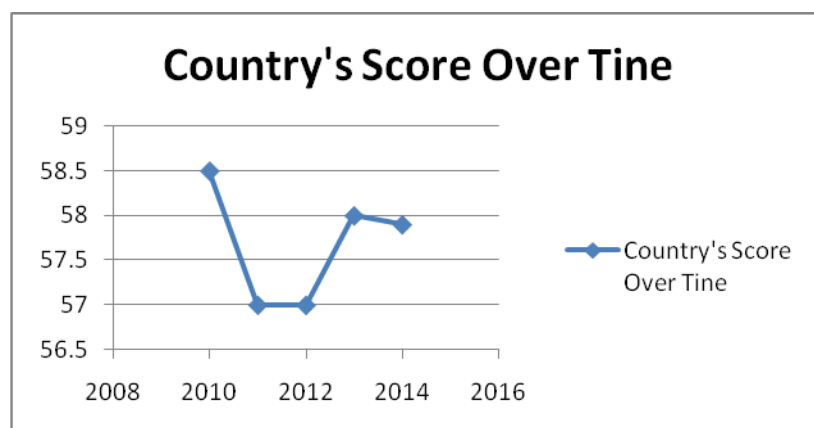
| Country | Year | Foreign Direct Investment percent of GDP |
|----------|------|--|
| Tanzania | 2010 | 8.03 |
| | 2011 | 5.15 |
| | 2012 | 6.04 |
| | 2013 | - |
| | 2014 | - |

Source: http://www.theglobaleconomy.com/indicators_data_export.php

In Tanzania, there seems to be significant correlation between high levels of corruption and lower levels of investment and growth.

Tanzania's economic freedom score is 57.8, making its economy that 106th freest in the 2014 Index. Its score is essentially the same as that of 2013, with improvements in investment freedom and trade freedom largely offset by combined deteriorations in monetary freedom, business freedom and freedom from corruption. Tanzania ranked 15th out of 46 countries in the Sub-Saharan Africa region, and its overall score is lower than the world average.

Graph 5: Show Tanzania's economic freedom score



Source: 2014 Index of Economic Freedom

Over the 20 years history of the Index, Tanzania’s economic freedom has been stagnant at the upper boundary of the “mostly unfree” category. Its overall score has increased slightly, but declines in the management of government spending, business freedom, and property rights have largely canceled out double digit improvements in trade freedom and investment freedom.

Table 2: Showing Economic growth and government spending

| Country | Year | Economic growth: the rate of change of real GDP | Government spending as percent of GDP |
|----------|------|---|---------------------------------------|
| Tanzania | 2010 | 7.04 | 16.13 |
| | 2011 | 6.45 | 16.37 |
| | 2012 | 6.93 | 16.82 |
| | 2013 | 6.96 | 16.56 |

Source: http://www.theglobaleconomy.com/indicators_data_export.php

Tanzania’s notable economic expansion was facilitated by open-market policies related to global commerce. The financial sector and the investment framework are relatively well developed for the region. Nevertheless, Tanzania appears to lack strong commitment to the further institutional reforms that are essential to the development of a strong private sector (Economic Freedom Index, 2014 and World Economic Forum, 2012).

3.5.3 Social Consequences

In social terms, corruption cultivates a range of behaviors, attitudes and beliefs in Tanzania. Corruption is divisive and makes a significant contribution to social inequality and conflict. This divisiveness can take two forms: lateral and vertical. Logically, it separates the

poor from the rich, the servers from the players. It encourages the poor to see government as predatory and oppressive rather than enabling and their sense of powerlessness and exclusion is reinforced. According to Wobilla Shwei Leonard in his master's thesis titled *Christian identity and Fight against Corruption (2013)* mentioned, vertically, corruption helps divide ethnic groups and communities from each other and promotes rivalries and jealousies. In Tanzania in most top positions in government offices, there are large numbers of people from Kilimanjaro (Chagga tribe) or from Kagera (Haya tribe). This implies that only few tribes out of more than 120 tribes found in Tanzania get opportunities (Mathew Collins, 2013:7)

In practical terms in Tanzania, corruption diverts resources away from social programs with a number of negative consequences. The poor become increasingly marginalized and their sense of social exclusion is strengthened. Also, within the ranks of the poorest people, women are particularly disadvantaged and prevented from developing their capacities and taking a full part in society (World Development Report, 2001).

Table 3: Unemployment rates for females against males in Tanzania from 2003-2012

| Country | year | Unemployment rate for females | Unemployment rate for males |
|---------|------|-------------------------------|-----------------------------|
| | 2003 | 4.2 | 2.6 |
| | 2004 | 3.7 | 2.2 |
| | 2005 | 3.2 | 1.8 |
| | 2006 | 5.6 | 3 |
| | 2007 | 2.6 | 1.4 |
| | 2008 | 3.2 | 1.8 |
| | 2009 | 3.2 | 1.8 |
| | 2010 | 3.8 | 2.2 |
| | 2011 | 4.5 | 2.5 |
| | 2012 | 4.5 | 2.5 |

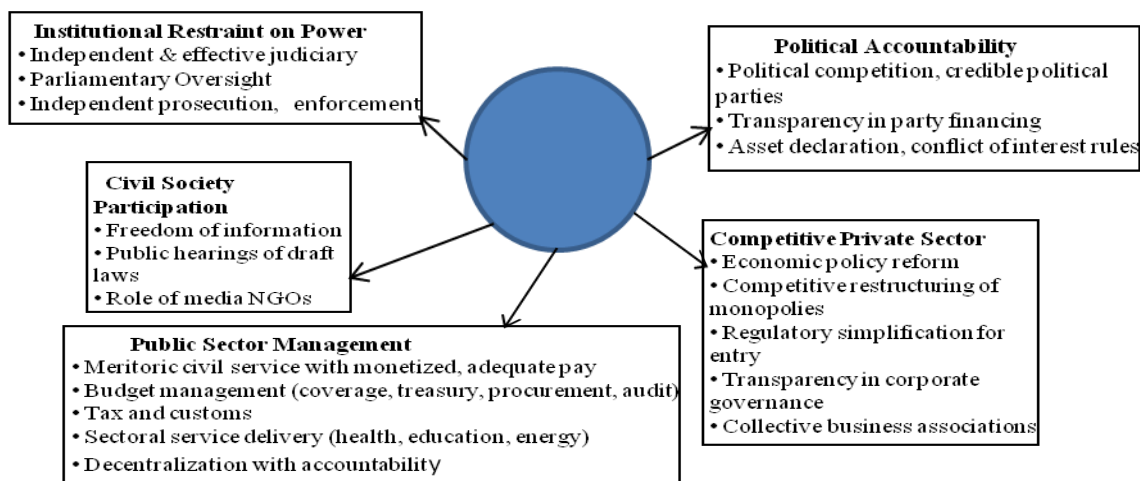
Source: http://www.theglobaleconomy.com/indicators_data_export.php

The above table illustrates that corruption diverts public expenditure from social programs with the effect that the country's education, health and social services are neglected. Therefore, the impact is most severe among the marginalized groups which are women and children. Since the development of the multi-party system, Tanzania's fight against corruption has been strongly linked with the election of strong leaders with the commitment to fight corruption.

3.6 Efforts on Combating Corruption in Tanzania

The World Bank (WB, 2000) has developed a multi-pronged strategy (figure 1 below) that builds on key elements of corruption control. These elements are based on a country-level assessment that increases the understanding of mechanisms behind the incidences, causes, and consequences of corruption and provides tools for change by empowering policymakers and citizenry with objective information. The success of the strategy lies in the capacity of parliamentarians to take central role in calling for effective reforms.

Figure3: Multipronged Anticorruption Strategy



Source: Controlling Corruption: A Parliamentarian's Handbook 2005

The main objective of developing the structural relationships which illustrated in Figure 1 above is to enhance state capacity and public sector management, strengthen political accountability, and empower civil society that drives the increase of economic competition. Let us examine each in detail here below:

3.6.1 Institutional Restraint on Power

Tanzania's institutional framework for anti-corruption is composed of the Prevention of Corruption Bureau, the Controller and Auditor General and a set of institutions established within a Good Governance Coordination Unit and the Ethics Inspectorate Department. The Office of the Minister of State was also established in the President's Office with responsibility for governance and coordination of anti-corruption activities. In order to achieve goals here are some points to be considered:

(a) Legal Reform

The legal framework in Tanzania, to fight corruption, is in place but it leaves room for improvement in many areas. The effectiveness, for example, of the asset declaration regime is hampered by the public's limited access to information on elected officials and lack of access to public officials' declarations (Anwar Shah, 2007:184).

(b) Anti-Corruption Legislation

Tanzania's former anti-corruption squad, created in 1974, was re-structured to become the PCB in 1991. The mandate of the PCB is to investigate, raise awareness and guide government on anti-corruption issues as well as prosecute cases of corruption, either directly or

via the Director of Public Prosecutions. The PCB is placed under the president's office (Marie Chene, 2009:6). The president appoints members of the PCB. The body does not have the power to prosecute cases involving public officers without the consent of the Director of Public Prosecutions (Ibid, p. 6) The PCB also suffers from lack of resources and capacity. In 2007, the Prevention and Combating of Corruption Bureau (PCCB) bill, aimed to review and advise the PCB (Ibid, p. 7).

(c) Audit Institutions

Audit organizations can also have an important role. The Controller and Auditor General (CAG), the oversight functions in public finance and procurement were strengthened in 2001. Its independence is guaranteed by the constitution and the budget is determined by the executive. It produces annual reports but they are difficult to access, with limited follow-up actions by government. As an example, few sanctions have been taken against public officials like stepping out of their position by being involved in cases of financial embezzlement. Like many other important institutions in Tanzania, the CAG lacks staff and resources to effectively fulfill its responsibilities (Chene, 2009:7).

(d) Commission for Human Rights and Good Governance (CHRGG)

The CHRGG acts as an Ombudsman office that can receive complaints from citizens and make non-binding recommendations to the state. The Commission can also initiate its own investigations, except into the dealings of the president's office (Business Anti-Corruption Portal 2013).

According to Global Integrity, the CHRGG is sometimes influenced by political and personal motives of its leadership and exposed to some abuses of power (Global Integrity 2010).

Appointments are sometimes made based on political considerations, and appointed individuals may sometimes have clear professional loyalties. For instance, Global Integrity asserts that the government often ignores the findings of the CHRGG or only gives them superficial attention, particularly if they concern politically sensitive issues (Ibid, p. 9).

(e) Parliamentary Oversight

Parliaments play a crucial role in overseeing the actions of the executive branch of Government and thus help reduce corruption. For instance, in Tanzania their power is built on the fact that they can hold state institutions accountable; represent the people at the highest level of government and exercise legislative powers, which they can utilize to press for effective anticorruption legislation. However, their effectiveness depends on their willingness, their capacity and power within the political structure of a country (Ibid, p. 10).

(f) Ethics Secretariat (ES)

The Ethic Secretariat in Tanzania is the implementing institution of the 1995 Public Leadership Code of Ethics, and sits in the President's Office. The chief executive of the ES, the ethics commissioner, is appointed by the president, as is the staff of the ES. The ES administers asset disclosures and ensures that elected politicians and public servants do not engage in illegal or unethical activities (Legal and Human Rights Centre, 2013).

The ES faces a variety of challenges linked to its capacity and independence. While the ES can instigate investigations upon receiving a complaint, the complaint which cannot be filed anonymously must first be verified by the ES before it may launch an investigation for further evidence (Business Anti-Corruption Portal 2013). Moreover, the decisions of the ES tribunal are

not binding; it can only provide warnings and no punitive damages (Legal and Human Rights Centre 2013).

(g) Public Procurement Regulatory Authority (PPRA)

Established by the 2004 Public Procurement Act, the PPRA is responsible for the application of fair, competitive, transparent, and nondiscriminatory and value for money procurement standards and practices. There are provisions for blacklisting of companies, which are said to be rarely enforced (Business Anti-Corruption Portal 2013). Contractors must register in order to participate in public procurement and a list of registered contractors is distributed to all tender boards. Tender notices and procurement legislation can be found on the website of the PPRA. The authority reports to the minister of finance and all tenders must be published in the media.

The PPRA is preparing a National Procurement Policy in a bid to address challenges, including improving the framework to manage procurement more efficiently (CoST 2013). In addition, the PPRA is reported to be submitting input into the constitutional review so that procurement matters feature in the new constitution (CoST 2014).

(h) Construction Sector Transparency Initiative (CoST)

Due to its large construction sector, which contributes about 5.6% of Tanzania's Gross Domestic Product (CoST 2013), in 2008, Tanzania was one of the first countries to join the CoST, an initiative promoting transparency and accountability in publicly financed construction through a multi-stakeholder approach. However, building collapses indicate that corruption is a problem in the construction sector (Thomas Reuters Foundation 2013a).

The CoST works by engaging stakeholders such as procuring bodies, public financial management bodies, construction companies and associations, civil society organizations and external providers of finance and loans. In Tanzania, the CoST works closely with the PPRA, with which it has signed a Memorandum of Understanding, and in 2011 made adjustments to the amendments to the Public Procurement Act based on recommendations by the CoST (Business Anti-Corruption Portal 2013). The civil society participants in the CoST MSG are Front Against Corrupt Elements in Tanzania (FACEIT) and For DIA, a non-profit organization facilitating people-centered development efforts (Ibid).

(i) Open Government Partnership (OGP)

Civil society organizations such as NGOs, Research of Poverty Alleviation (REPOA), and media have noted the unnecessary bureaucracy involved in accessing government data (Legal and Human Rights Centre 2013). The OGP is an initiative to enhance government performance in providing up-to-date information. It was launched in 2011 and promotes transparency and accountability of governments to the public. Tanzania joined the OGP in 2011 and prepared a 2012/2013 action plan to enhance its commitment to global initiatives. The government has committed to improving data disclosure and setting up a website that contains government data. Moreover, it has created a budget overview in plain language (OGP 2013).

3.6.2 Political Accountability

Political accountability in Tanzania refers to the constraints placed on the behavior of public officials by institutions with the power to apply sanctions. As political accountability increases, the costs to public officials of taking decisions that benefit their private interests at the expense of the broader public interest also increases, thus working as a deterrent/disincentive to

corrupt practices. Accountability of the political sector rests largely on the effectiveness of the sanctions and the capacity of accountability institutions (active legislative branch, independent legal system, vibrant civil society) to monitor the actions, decisions, and private interests of public officials. This happened to current political situation on issues about ESCROW by taking the necessary steps to reform parliamentary practices and procedures can also contribute towards greater accountability and transparency, thereby reducing corruption levels.

3.6.3 Competitive Private Sector

The degree to which powerful elites influence decisions and policymaking of the state constrain the implementation of a fair, competitive, honest and transparent private sector and thus hinder broad-based economic development. For instance, Tanzania Private Sector Foundation (TPSF) is an effective apex private sector organization, which providing a focal point for the articulation of private sector led approaches to Tanzania's economic and social development.

A wide array of corporate governance reforms have proven effective in curbing both incentives and opportunities for corruption, including: public disclosure of share ownership and cross-holdings; strong penalties for insider trading and pyramid schemes; the appointment of outsiders to boards of directors; the introduction of regular, and published independent audits of financial accounts (Shah, 2007).

3.6.4 Public Sector Management

This strategy consists of reforms in the internal management of public resources and administration to reduce opportunities and incentives for corruption. Reforming public sector management requires:

(a) Meritocracy in civil service

A first step in reforming public sector management is to eliminate patronage by instituting *Meritocratic systems* for appointment, promotion, and performance evaluation and, where feasible, establishing an independent civil service oversight body. In parallel it will be important to increase salaries, relate them to skill and responsibility and, regularize the extensive benefits that provide broad scope for discretion and corruption. For example, a worker's association helps a lot to advice and influence government to change salary scales to the employees.

(b) Transparency in budget management

This can be achieved by reducing the diversion of resources into off-budget accounts that typically lack oversight and transparency. Reforms to promote greater accountability and control over budgetary expenditures require robust accounting, auditing and a strong budget execution process. Transparent and competitive procurement is essential to prevent corruption from inflating public expenditure. Public Procurement Regulatory Authority (PPRA) is responsible for the application of fair, competitive, transparent, and non-discriminatory and value for money procurement standards and practices (Business Anti-Corruption Potal, 2013).

(c) Transparency in tax and customs

Reforms to simplify tax policy and eliminate discretionary exemptions help, as does professional staff, standardization of forms and procedures, and transparent systems such as the use of computerized risk analysis at the borders. It is important to eliminate one-on-one contact between taxpayers and officials and ensure that operating and management systems are efficient and easily monitored, including through periodic taxpayer surveys.

(d) Reforms in Sectoral service delivery

Reducing non-cash transactions including barter and arrears offsets can also reduce private rent seeking, as non-cash exchange at artificially inflated rates is a standard method of extracting private gains. This is at the initial stage of implementing.

(e) Decentralization

Decentralization of service delivery can, in principle, make the state more responsive to the needs of the people and improve service delivery, although all too often, if done in haste, can actually result in increased corruption. Reform efforts should focus on creating regional/local capacity in financial management and auditing, before while the decentralization process gets underway. This will help the central government to make a good monitoring and evaluation, control and oversight to what is done at the local levels.

3.6.5 Civil Society Participation

Tanzanian civil society is traditionally weak. Civil society organizations have been able to consolidate themselves and gain importance in public life, filling a vacuum due to a weak political opposition (Bertelsmann Foundation 2014). In the NACSAP II, greater emphasis was placed on non-state actors' involvement in the fight against corruption (Legal and Human Rights Centre 2013).

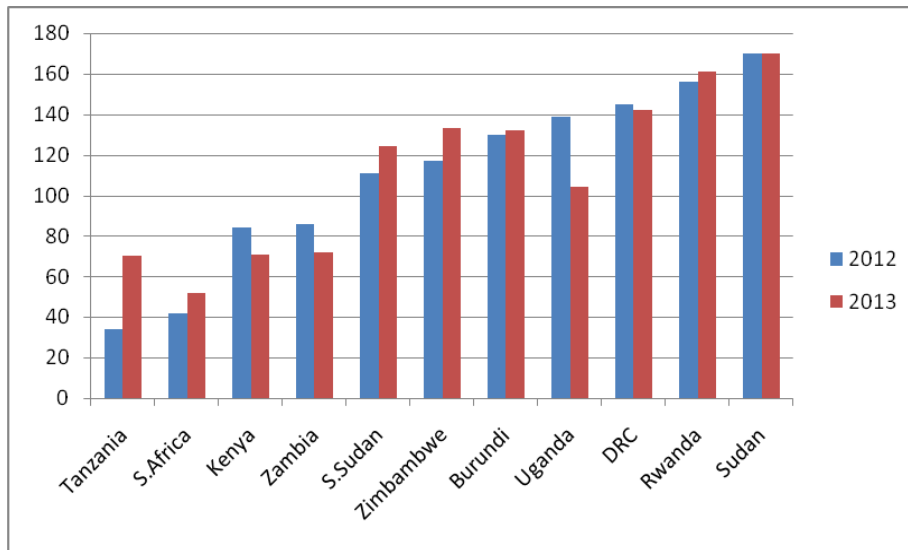
The Tanzanian media face restrictions. The constitution provides for freedom of speech, but it does not guarantee freedom of the press (Article 19 2011). Although print and electronic media are active, they are hindered by a difficult registration process and are largely limited to major urban areas (Freedom House 2013). The growth of broadcast media has been slowed by a

lack of capital investment; however, the number of independent television and private FM radio stations has risen (Freedom House 2013).

The laws of Tanzania allow authorities broad discretion to restrict media on the basis of national security or public interest, which is frequently interpreted for the benefit of the ruling party (Freedom House 2013). In 2012, the government imposed an indefinite ban on the weekly investigative newspaper **Mwana Halisi**, due to issues were sensitive for interest of some people for which it received criticism within the country (In2eastafrika.net, 2012).The International Federation of Journalists has raised concerns about the deteriorating situation of press freedom following the ban on two additional newspapers in 2013, **Mwanachi** and **Mtanzania** (AllAfrica 2013).

Moreover, according to Press Freedom Index (2013) shows Tanzania ranked 70th out of 179, dropping more than 30 places compared to the 2012 index, due to the killing of two journalists (Reporters Without Borders 2013).

Graph 5: Showing Press Freedom Index



Source: Press Freedom Index, <http://rsf.org/index2014/en-index2014.php>

The above graph, show the result reported by Press Freedom Index in 2013.

3.7 Remedial Policies and Action to Reduce Corruption

Tanzanian officials introduced the Prevention of Corruption Act of 1971 (PCCB) to combat corruption (Hosea, 2008). In 1977, the Tanzanian constitution provided for the establishment the Secretariat of Leadership Code and a human rights commission (Nkembo, 2003). The human rights commission's objective is to foresee the respect of citizens' rights, whereas the Secretariat's mission is to oversee the ethical behaviors of government and public officials (Hosea, 2008). The purpose of these two entities is to enhance accountability and eliminate corruption in government and political institutions (Hosea, 2008).

In 2007, PCCB Act (2007) number 11 was enacted to detect and prosecute corrupt practices in the law courts (Hosea, 2008). The PCCB Act also covers offenses such as bribing

foreign officials, influencing trade, abuse of office, embezzlement of public funds, and aiding and abetting criminal practices (Hosea, 2008). The sentences under the act are a maximum of two years imprisonment or a maximum fine of \$ 15000 (Hosea, 2008). The successes of both the Secretariat of Leadership Code and the PCCB Act have been minimal (Chene, 2009). Since 1997, only 165 civil servants and others have been convicted under the law, mostly of petty corruption charges (Chene, 2009). The TI (2009) corruption index placed Tanzania at 126 out of 180 countries, suggesting the legal and regulatory efforts detailed above have not been effective in dissuading Tanzanian officials from corruption.

Many policies and governmental actions have been recommended to reduce corruption and they can be classified into three broad categories. They can be classified as (a) administrative and legal remedies that limit the discretion of public officials through rules and regulations, (b) transparency and standards that promote good governance, and (c) fundamental economic reforms that give rise to corruption in the first place (Abed 2000:20).

3.8 Combating corruption in Tanzania

Anti-corruption strategies in Tanzania are not participative and inclusive of all stakeholders in the society. Participatory efforts should be made possible in order to ensure that the reforms (anti-corruption strategies) and political will to act against corruption and to strengthen governance generally is sustainable.

Respondents gave various views which may be categorized in three groups: First, there were those who said there were no practical efforts done to combat corruption but mere rhetoric

on corruption and anti-corruption struggle. This group held the view that corruption has permeated every aspect of the social fabric and no surgical measures will cure the problem. This group held the view that corruption was increasing because there were hardly any tough measures that forced people to change their selfish ways of life. This is what one Ward Executive Officer in Kigoma/Ujiji Municipality said (Interview, August 17, 2014):

“As long as salaries are still low for most of employees and working conditions not improved, especially for primary school teachers, health workers, Village Executive Officers and Ward Executive Officers, corruption will always persist.”

Second other respondents argued that serious efforts to combat corruption are in place but are not making the necessary impact since most attention is directed at only petty corruption leaving grand corruption almost intact thus leading some people to feel that there is no serious war being waged against the evil. As some respondents argued, grand corruption involves powerful leaders and the rich people who seem to have transformed graft into tax-free industry, and with impunity.

The third group is of respondents that had mixed views. They also commended expansion of PCCB to district and lower levels thus enabling people to get civic education that increased their awareness against corruption. Some people said corruption was increasing because some leaders were neither strict nor committed to fighting it. Yet they were some respondents who had lost hope, believing that they would continue to be victims of corruption since the few and powerful benefit from the evil deed and have no interest to combat it at all. Some respondents commended the Government for spearheading various reforms which aim at improving the

economy and governance, for instance reforms which are on-going in various sectors (Mahe Seychelles, 2009).

These reforms have contributed to reducing corruption loopholes and thus reduce corrupt practices through ensuring efficiency, accountability, transparency and customer caring, for example, the experience on land reforms that focused on surveying plots using customers' fees in Kigoma/Ujiji Municipal Councils as will be discussed to the next chapter; all revealed that there is reduced corruption which was involved in securing plots, and right to occupancy as well as the notorious double allocations. Such practical collaborative and cost sharing measures are very effective in reducing corruption and introduce more confidence in the public that it is possible to fight the pandemic evil. Also reforms in Local Government Authority through decentralization by devolution in projects such as MMEM and TASAF have shown reduced level of corruption through greater financial transparency and accountability. Where there was corruption, such transparency and accountability have enabled citizens to expose the problem in most cases.

Table 4: PCCB Investigation statistics summary from January 2011 to June 2015

| CATEGORY | 2011 | 2012 | 2013 | 2014 | 2015(Jan-June) |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Received information at PCCB | 4,765 | 5,084 | 5,456 | 5,056 | 2,305 |
| Opened Files | 817 | 1,178 | 1,100 | 808 | 533 |
| File in Progress | 2,546 | 2,811 | 2,785 | 3,014 | 3,463 |
| Closed Files | 323 | 273 | 209 | 204 | 71 |
| File Referred to other Departments/Agencies | 84 | 72 | 98 | 31 | - |
| Disciplinary Action taken | 30 | 27 | 19 | 15 | 17 |
| Case Files Sent to DPP | 171 | 273 | 423 | 337 | 144 |
| Case Files Received from DPP | 160 | 238 | 447 | 330 | 202 |
| Files Returned with DPP Consent | 79 | 135 | 267 | 205 | 1255 |
| Files Returned with Further Investigation | 70 | 95 | 171 | 112 | 71 |
| How Cases filed in Court | 193 | 288 | 343 | 256 | 195 |
| On Going Cases in courts | 435 | 551 | 684 | 646 | 658 |
| Conviction | 52 | 47 | 89 | 135 | 82 |
| Acquittals | 61 | 71 | 62 | 142 | 83 |
| Withdrawn | 26 | 24 | 17 | 33 | 13 |
| Appeal | 10 | 6 | 16 | 5 | 2 |
| Saved Money (Tshs) | 4,638,939,558 | 9,667,354,594 | 4,260,043,591 | 39,406,398,654 | 6,292,794,118 |

Conclusion

Corruption undermines good governance, distorts policy, and leads to poorer public services. It reduces spending on health and education, and infrastructure. It has serious budgetary constraints on the national economy.

In addition, the cost of corruption weighs heavily on the economic sphere. It results in the misallocation of a country's human and economic resources. It acts as a deterrent to foreign investment, because endemic corruption creates a "culture of corruption" that undermines public confidence in state institutions. Corruption furthers the social and economic marginalization of the poor.

Corruption in electoral process is often driven by a motive to control government power for some corrupt purpose. There are other crimes related to election. These include: election fraud, patronage crimes, campaign-financing offences, and civil rights crime. It is alleged that corruption dominated during the 2000 election campaigns throughout the country. As Tanzania is going to conduct a general election this year October 25, 2015; during election campaign, corruption is one of the serious in-roads to democracy and dents a truly representative government. Corruption undermines the very nature and legitimacy of government to the governed.

CHAPTER FOUR

CORRUPTION AND ITS EFFECTS IN KIGOMA/UJIJI MUNICIPALITY

4.1 Chapter Introduction

Kigoma is a town and lake port in western Tanzania, on the eastern shore of Lake Tanganyika, and is close to the border of Burundi. It serves as the capital for the surrounding Kigoma Region and has a total population of 2,127,930 (2012 census) and an elevation of 775m. Kigoma is one of the busiest ports on Lake Tanganyika, since historically it was the only one that had a functioning railway connection with the one at Kalemie in DR Congo which now is not operational, as a direct link to the seaport at Dar-Es-Salaam. Kigoma Port in Kigoma bay has a wharf of two hundred meters and several cranes and is equipped to handle shipping containers. However, the bay is suffering from silting up as a result of soil erosion from surrounding hills, and the water depth at wharf side has diminished from 6 m to 1.8 m which threatens the economic future of the port. In May 2007 the Tanzanian Government announced a plan to create an economic zone at the port to stimulate trade.

The lake ferries including the MV Liemba sail from Kigoma to Bujumbura in Burundi, Kalundu in Uvira, Kalemie in DR Congo and Mpulungu in Zambia at the southern tip of the lake, also a number of other lakeside towns in Tanzania.

Road connections for Kigoma are poor however. A gravel road links the town northeast to the national road network, and earth tracks link north to Burundi and southeast to Katavi region which formerly was part of Rukwa region.

The Central line of the Tanzania Railways Corporation runs from Kigoma to the port of Dar-Es-Salaam on the Indian Ocean coast via Tabora and Dodoma. It was completed in 1915 when Kigoma was part of German East Africa. In Tabora, there is connection to Mwanza on Lake Victoria, with ferry connections to Uganda. At Tabora, there is train link to Mpanda which is often closed in the rainy season due to bad infrastructure (Juma Kayonko, 2013).

Ujiji is the oldest town in western Tanzania, located about 6 miles (10 km) with a population of 215,458 (2012 census) south of Kigoma. Ujiji is the place where Richard Burton and John Speke first reached the shore of Lake Tanganyika in 1858. It is the site of the famous meeting on 10 November 1871 when Henry Stanley found Dr. David Livingstone, and reputedly uttered the famous words “Dr. Livingstone, I presume?”⁷ Livingstone, whom many thought dead as no news had been heard of him for several years and who had only arrived back in Ujiji the day before, wrote:

“When my spirits were at their lowest ebb, the Good Samaritan was close at hand, for one morning [my servant] Susi came running at the top of his speed and gasped out, ‘An Englishman! I see him!’ and off he darted to meet him. The American flag at the head of the caravan told of the nationality of the stranger. Bales of goods, baths of tin, huge kettles, cooking pots, tents, etc., made me think, ‘This must be a luxurious traveler, and not one at his wits’ end like me”⁸.

A monument known as the "Dr. Livingstone Memorial" was erected in Ujiji to commemorate the meeting done on 10 November 1871 when Henry Stanley found Dr. David Livingstone and reputedly uttered the famous words “Dr. Livingstone, I presume?” There is also a modest museum. There is a former slave route near the market. In 1878, the London Missionary Society established their first missionary post on the shore of Lake Tanganyika at

⁷ <http://www.biography.com/people/david-livingstone-9383955>. Retrieved on 27 December, 2014

⁸ Livingstone, David (1875). *The Last Journals of David Livingstone, in Central Africa, from 1865 to His Death*. Hartford, CT: R.W. Bliss & Company. p. 317. Republished by Qontro Classic Books (12 July 2010)

Ujiji. Some in Burundi claim the location of the famous meeting is a few miles south of the capital Bujumbura. However, the Livingstone-Stanley Monument in Mugere actually marks a visit the two men made 15 days later on their joint exploration of northern Lake Tanganyika. This museum place is one of source of income.

Photo 1: Dr. David Livingstone and Henry Morton Stanley **Photo 2: Dr. Livingstone Memorial Ujiji/Kigoma**



Source: Researcher

Kigoma region is famous for historical events and antiquities such as Dr. David Livingstone memorial monuments at Ujiji old town. Other tourist attractions in the region include the Gombe National Park, Mahale National Park, and Lake Tanganyika which are the deepest lake in Africa and second deepest in the world which is attracting tourists for fishing adventures (Karen Lindsay, 2014). The realization of the tourist potential of Kigoma region has been hindered by poor infrastructure and difficulty in accessibility of the region.

The provision of social services, the crucial problem leading to corruption practices, affects development. The general health condition, food security and nutritional status of the population in the municipal are not good. The diseases of public concern that cause high morbidity and mortality rates are Malaria, Anemia, Cholera, Tuberculosis, Diarrhea, Clinical

Aids, Card Disorder, Meningitis, Intestinal Worms and Burn. The environmental conditions are not well maintained. In all areas, most of the houses have no sewage system and people mainly use pit latrines. Drainage systems are only available for 5% of the area. Solid waste disposal by backyard pits is the practice throughout the area (Tanzania Ministry of Infrastructure Development report, 2009)

In Kigoma, very few government officials and civil servants perform services for free. You cannot get your birth certificate or passport unless you pay something to officials. You cannot get good education for your kid unless you pay a bribe. You cannot obtain electricity meter/connection for your house unless you pay a bribe. You cannot get your goods out from the harbor unless you pay kickback. Anything involving signing of documents involves paying inducements.

After giving the introduction of Kigoma/Ujiji Municipal, what follows is an analysis of what the population of Kigoma/Ujiji knows about corruption, types and causes, the effects of corruption on economic development in Kigoma.

4.2 Definition of corruption according to respondents

One of the questions asked to the respondents was to define corruption according to their understanding and experience. Two groups, due to related ideas, arose. The first group perceived corruption in this way: *“corruption is breaking of law, order and all the norms of a humane civilized society and is indeed abusing of the country’s constitution, laws and regulations for individual/private gain at the expense of the larger society”*.

Other group of respondents gave also their understanding of corruption that *“Corruption is like HIV/AIDS. In the beginning when the message spread about it was intended to scare people, most of them pretended to be hypocritical about their behaviors instead of being open. As a result the spread of HIV/AIDS grew in alarming rates. But now as the approach changed to more education, people have become more open, recognized the problem and there is some success in combating the pandemic. That is similar to corruption and anticorruption war”*

In Kigoma/Ujiji Municipality there are two main kinds of religion; which are Muslim and Christian. The religious people believes that corruption increases poverty; and government fails to improve the education system, fails to invest more on scientific research, fails to protect human rights and also fails to eradicate poverty. One respondent Muslim commented that according to Allah⁹ it is said; “And do not eat up your property among yourselves for vanities, nor use it as bait for the judges, with intent that you may eat up wrongfully and knowingly a little of other people’s property” (Al-Baqarah: 188). Likewise, the Christian side responded by emphasizing words from the Bible that; “through these he has given us his very great and precious promises, so that through them you may participate in the divine nature, having escaped the corruption in the world caused by evil desires” (2 Peter 1:4).

The following table below shows perceptions of corruption through religious eyes:

⁹ Allah mean God

Table 5: Respondents by religion

| Religion | Male | Female | Frequency | Percentages |
|-----------------|-------------|---------------|------------------|--------------------|
| Christians | 25 | 24 | 49 | 49% |
| Muslim | 22 | 18 | 40 | 40% |
| Non religious | 7 | 04 | 11 | 11% |
| Total | 54 | 46 | 100 | 100% |

Source: Data collected by researcher 2014

The above table shows the respondents by their particular religion. 49% (N =49) are Christians and 40% (N=40) are Muslim. While Non religious are 11% (N=11). Therefore, the majority of respondents are the Christians. I also observe that most of the respondents are men. This show that most of women are not emancipated due to not being involved on presentation of their views. Therefore, my aim was to know how religion plays an important role in shaping the moral of the community and making them sensitive on issues relating to the development. All in all, corruption has a big concern to the community.

4.3 Types and Causes of Corruption in Kigoma

4.3.1 Types of Corruption

Corruption types are many based on the means use and other factors. There are four main types of corruption that exist and are big problems to the community. Those types of corruption are grand corruption, political corruption, petty corruption, and system corruption.

4.3.1.1 Grand Corruption.

This is type of corruption that involves senior government officials and serves the interests of a narrow group of business people and politicians as criminal elements. For instance, a company like Tanzania Petroleum Development Corporation (TPDC) takes up a natural resource in a country with an aim to exploit them for national benefit. Once they acquire the rights to use the resource they do not do it to full potential and when some government officials try to question about that, then these people handle those officials by either providing monetary benefits or try to shift their position of the job by using higher influences or otherwise (Zitto Kabwe, 2014:14).

4.3.1.2 Political Corruption

The political corruption involves lawmakers, such as legislators. Such officials engage in corruption when they seek bribes or other rewards for their own political or personal benefit in return for political favors to their supporters at the expense of the public interest. Some authors argue that by shortening the time horizons of those in power, political instability inclines them to make money fast and crudely rather than to moderate their current appetites for the sake of future earnings. This has also been discussed by majority of respondents who ask why Kigoma/Ujiji is left behind on the development issues. As emphasized by Justin Thomson in title "*Rural and Urban in Tanzania*", this occurs because the leaders like members of parliament; do not stay long in their leading position. Those in ministerial levels do not have interest on helping Kigoma/Ujiji to develop comparing to other cities in terms of social services.

4.3.1.3 Petty Corruption

Petty corruption is bribery in connection with the implementation of existing laws, rules and regulations, and thus different from grand or political corruption. Petty corruption refers to the modest sums of money usually involved, and has also been called “low level” or “street level” to name the kind of corruption that people can experience more or less daily, in their encounter with public administration and services like hospitals, schools, local licensing authorities, police, taxing authorities and so on (Gasto Frumence, Nyamhanga and Muhondwa, 2008)

4.3.1.4 Systemic Corruption

Systemic corruption is when corruption is an integrated and essential aspect of the economic, social and political system, when it is embedded in a wider situation that helps sustain it. Systemic corruption is not a special category of corrupt practice, but rather a situation in which the major institutions and processes of the state are routinely dominated and used by corrupt individuals and groups, and in which most people have no alternatives to dealing with corrupt officials. Also, is corruption which is primarily due to the weaknesses of an organization or process. It can be contrasted with individual officials or agents who act corruptly within the system. There are some factors which encourage systemic corruption includes conflicting incentives, discretionary powers; monopolistic powers; lack of transparency; low pay; and a culture of impunity.

4.4 Causes of Corruption

4.4.1 Low payment scales/ wages

Most of the employees in government sector are paid low wages and salaries in a minimum of 100,000 Tanzanian shillings; which is equivalent to 67 US Dollars per month (Kea Tjidens and Godius Kahyarara, 2012). Hence some employees revert to corruption for more financial benefits. This justified by not having other options of gaining money rather than depending on corruption due to lack of development opportunities like industries, education institutions, lack of good infrastructures such as roads, airport, railway line, permanent electricity, water supply services and other things related to that.

4.4.2 Low Job opportunities

This is another cause of corruption. Due to lack of job opportunities at will, there are many people who like to go for corruption mode to get the job offer. They will be ready to pay lump sum amounts for the job offer to the higher officials or politicians. Some they borrow money from their families or relatives. Sometimes make agreement with job provider by signing a kind of loan contract as if it was true loan business done by aiming that he/she will repay back from the first salary will get.

4.4.3 Lack of strict and fast punishments

Even if someone is found guilty or even caught red-handed by the anti-corruption officials or media, the convicts get less punishment. First they will be suspended for few months or weeks and then re-posted to another location with same job grade and pay. So this means the official or unemployed person who did the corrupt practice is given a free license or another chance to continue his/her practice. It happened to one police officer in Kigoma, who demanded

money from a villager who was found in a guest house together with his girlfriend. The man was to pay the officer or be taken to the police post. Actually the man paid and reported to the head of police office, but no action was taken against the police officer.

4.4.4 Lack of moral sense

Some people have been found to be corrupt or have been involved in some misconduct, which in real sense implies that they should be avoided and should not be respected. But it happened in Kigoma/Ujiji that those with corruption and other offence related histories are given prominent positions like the Member of Parliament or even higher posts. Instead of being disrespected they are respected. A very good example is former district commissioner who was even fighting for piece of land with local people. Because of being in power, he managed to get the land because he had direct access to the land office that provides lease documents, while the local people did not have that access and lacked financial capacity to pay for documents.

4.4.5 Lack of unity in public

Although the public openly criticizes corruption, there is no unity among the people to stop corruption. If a person wants to get done his/her work, he/she gets it done by corrupt means if possible and then later criticize the corrupt official. During election, politicians try to lure the people by offering money and other things like cloths (Khanga). When those politicians win and get power, they try to regain or compensate 10 to 100 times the amount spent for their elections and start keeping more money for the next session to be used to maintain his/her sit; which supposed to be used for the community development issues. For example, there is increasing inequality between key political actors: the ruling party with huge amount of resources and unchecked power and with the support of predatory business on one side and the opposition

parties with little political influence and without resources to reach out to voters and mobilize them for change. Nonetheless, the problem of electoral corruption must be confronted because it undermines free and fair elections, is linked to poor quality leadership and poor quality output of by national institutions involved in governance and policy-formulation as more specifically by peoples representatives.

4.4.6 Lack of transparency in affairs and deals

Many seat selection processes like in education, contracts for job, employee income reports (wealth possession), and lack of transparency. For this purpose, there was an act namely RTI (right to information), but the act is not strong enough to prevent malpractices (Natural Resource Governance Institute, 2008).

4.4.7 Option of many political parties

In Tanzania anyone can establish a political party. So there are many political parties in Tanzania. If the political party wins, then the members in it will desire to expand the party to all over the country. To do so, they need enough financial reserves. For this, once they come into power, they opt for corrupt means to make the wealth needed to expand members of the political party. Purposely to get prepared to win for the next election. For example, promising groups of youth and women that they will be given initial capital for small business if they join to that political party. Even it reached a point of putting a flag of a certain political party aiming to be considered to the financial support which is the kind of “rent seeking” expecting for future hidden agenda for both sides.

4.4.8 Lack of enough powers in the judicial system and in other independent organizations.

This has happened in the past national election in Kigoma/Ujiji. In one instance, a candidate who officially lost went to seek justice in court but did not get it because the official winner had his way with the system (Edward Hoseah, 2008). It always happens like the election commission cannot prohibit politicians from contesting when they make mistake or do not comply with the election rules during the campaigns. Similarly, the judicial system has limited options to punish someone who is found to be involved on corruption.

4.4.9 Lack of accountability

In government there is a big trend of corruption. This is because of lack of accountability. The employee's on government offices do not perform to their tasks par excellence. For instance, if they receive 100 files to be cleared in a week they may not even clear 50 of them in that week. They tend to post-pone the clearance of the files. So those who are in urgency of the clearance have to get them done by rewarding the officials involved in the clearance office. This lack of accountability in government offices is my main concern cause of corruption (Shah, 2007:61).

4.4.10 Encouragement of unhealthy competition

Competition in business is a good sign for quality of service to be delivered. But in Kigoma/Ujiji, there is encouragement of unhealthy competition. A good example is, when there is a tender, only few companies bid for it. This is because the companies having political relations have higher chances of winning while others do not. So, companies with no political influence will not bid for the tender in-spite of being a good company. That is here the number of bidders for a tender will be low due to political interference.

4.5 Effects of corruption

Effect of corruption on public life is mostly adverse and awkward. But it appears that corruption is ever rising and unstoppable. Further the people involved in corruption seem to be proud of them-selves and think it is courageous and respectable to be so.

The respondents mentioned some forms of injustices that are results of corruption in society: First, dehumanization especially where corruption involves sexual harassment and disregard of human rights. Second, denial of what is due to a person as his/her basic rights. Third, payment for the goods/services that was supposed to be freely and legally obtained. Fourth, there are various forms of discrimination against women, youth. For example, some small business people in municipal markets at Kigoma, claimed that they had provided some names [in the suggestion boxes] of some alleged corrupt officials but so far “all is business as usual”. Barmaids also expressed views revealing gross dehumanization and exploitation” as forms of injustice that they face due to corruption. Those who engage in the evil practice are more powerful than the victims of corruption and argued that they are always at the receiving end and that they could do nothing.

Corruption affects activities in both the public and the private domains. The public domain includes activities performed by the government for the public good. It incorporates the administration of government functions like trade and business development, taxation, social welfare, and defense. The private domain includes activities performed by local or foreign non-governmental entities. It includes natural resources, manufacturing, trading of goods and services, and financial services. Corruption affects individuals and public sectors as well, discussed to the next points.

4.5.1 Effects of Corruption on Public Spending and Finance

Corruption increases public spending and distorts its allocation. It increases public spending: by promoting unnecessary or unproductive spending; by contributing to the overpayment for some services or goods that the government buys; by making payments to individuals not entitled to these payments; and in many other ways. This has impacts on:

4.5.1.1 Reduce Overall Growth and Output

Corruption reduces overall economic growth and output due to inefficient allocation of public and private resources. A very good example here; Kigoma/Ujiji Municipality has no good roads can help people to travel in cheap costs and even business people to transport goods and services in cheapest way. This is because of rough roads available to connect Kigoma/Ujiji to other areas in the country. Talents and human capital are also misallocated as those with abilities to choose positions that can extract rents rather than positions that they can be most productive. Most of people prefer to be employed and work to other regions rather than Kigoma, due to lack of economic opportunities.

4.5.1.2 Increased Social Disparity

Kigoma is a region which has not been considered in social priorities. It is neglected in terms of good schools, roads, hospitals and health centers, water supply services and electricity. There is no university found in Kigoma and it is only in 2014 that two institutions of high learning launched their programs of study. This made the region not to develop economically due to less circulation of money through buying and selling goods and services. Most often, the poor or the sick are disadvantaged in the process as funds allocated for social programs are

misdirected. They are also the least powerful in terms of political visibility and effects. As a result, the disparity between the disadvantaged and the wealthy increases over time. Kigoma itself is a locked region, comparing to other regions in Tanzania, in terms of infrastructures like roads is a problem. There is no good road that connects and provides good access to other regions. From Kigoma to Mwanza is a distance of about 700km of bad road that takes almost 12 hours to cover.

Photo 3: Show rough road Kigoma to Mwanza



Source: https://en.wikipedia.org/wiki/Transport_in_Tanzania

The above photo shows the road transport network from Kigoma to Mwanza, the regions found in Tanzania. It is very tiresome during the raining season, instead of taking at least 10 hours travelling from Kigoma to Mwanza it may happen spent more than 24 hours on the way due to breakdown on the road.

Western regions are the most poorly served, with no paved highways except locally in Kigoma and Ujiji. Only one dirt road runs down the western side of the country, it is just a track between Kasulu and Katavi and prone to flooding south of Mpanda. Between Tunduma in the south-west and Nyakanazi junction near Kibondo in the north-west, a distance of nearly 1000 km, there are no highways in the centre of the country.

4.5.1.3 Political and Economical Instability

Although Tanzania has been a haven of relative peace and political stability, corruption undermines that stability in Kigoma/Ujiji. Corruption undermines political development and flourishes where national institutions and guarantees of basic economic rights are weak. Also it shows that ethnic divisions and religious conflicts are particularly deep (Aaron Hall, 2010). For instance, misunderstandings between Christians and Muslims, reached a point where Muslims would organize public meetings to discuss negative aspects of Christianity. Academician (Gabriel Andrew Msoka, 2007) takes a corruption index as its starting point of describing qualitative differences between political factions or interest groups.

As disparity between the rich and the poor increases, social or political instability in the form of civil fighting or revolution might result. As what existing in Kigoma/Ujiji, during periods of instability, resources are directed towards the maintenance of order rather than for economic development. Because of unstable political system, increases the perceived risk of the whole country from the perspective of foreign investors. Kigoma/Ujiji Municipality is one of the centers of the opposition in politics. The municipal council is under the leadership of opposition politicians which makes the national ruling party to neglect the place. This might lead unequal distribution of resources and hence economic instability to individuals and government. Majority

of people in Kigoma/Ujiji Municipality are poor and cannot even manage to support their children's school fees and medical costs.

4.5.1.4 Reduced Effectiveness of Public Policies

Government officials design, plan and implement public policies based on certain assumptions on the policies' effects on the society. However, as explained by Gupta (2000:78), corruption distorts or skews the effects of these public policies, by making them less effective. This happens in the regions like Kigoma due to being less valued by the government on development matters.

4.5.1.5 Reduced Government Revenue

Corruption reduces governmental revenue directly when officials accept bribes to reduce the amounts payable to the government. For instance, the traffic police sector in Tanzania is the one that authorizes someone to be given the driving license. The driving schools then issue driving certificates that allows the person to be tasted by police before being given driving license, according to the level and successfulness of the course. The driving licenses are issued by Tanzania Revenue Authority (TRA). But what happening to some driving school, they create situation of bribe to the learners. Learners who pay extra money get their driving certificates and licenses fast and at times without attending driving schools or completing the prescribed course of driving instruction. This practice causes a lot of unnecessary road accidents (Cuthbert W. Chiduo and Philemon Minja, 2012:238).

Corruption also reduces government revenue by slowing economic growth. Slow economic growth results in less business activities and a small income base for the government

to derive its income. In addition, corruption and the burden of bureaucracy are found to cause activities to move “underground” further reducing the government’s tax base. As Kigoma/Ujiji has port, people from different countries like Congo DRC, Burundi, Zambia passes there. The immigration office, custom which is under TRA and police are involving much on corruption; through the payments of luggage, visas and importing goods and services in Tanzania like “Vitenge” which are mostly entering through Kigoma port from Congo DRC. Big percentage of taxes that people suppose to pay for government revenue enters into personal pockets (OddHelge Fjeldstad, 2001)

4.5.1.6 Negligence of Health Care and Educational Services

Health care and educational services provide long-term societal benefits. Healthcare services provide the economy with healthy work force and preventive services can reduce future medical spending. Educational services increase the literacy level of the work force and increase the country’s international competitiveness. For instance, most of the time when people go to the hospital for treatment, they are told that there is no medicine or that some equipment is not available in the hospital. So, people are then forced to have to buy from the private pharmacies. No consideration is given to any age group. While the Tanzania government has a policy of free medical services to children less than five years, pregnant women and the elderly, implantation has been difficult. (Jane Macha, 2014:5)

4.5.2.1 Make Investments Unattractive

Corruption reduces returns, increases risk, and magnifies uncertainty for both local and foreign investors. Some investors hesitate to invest in Kigoma/Ujiji due to lack of infrastructure.

In addition, corruption increases the monetary and other direct and indirect costs of investments. Corruption affects the economic development of Kigoma/Ujiji by reducing job opportunities and money circulation.

4.5.2.2 Corruption Smothers Small Businesses and Reduce Growth

Research has found that corruption is proportionally more costly for small businesses than large businesses, because small businesses have to devote more time to overcome bureaucratic barriers; this has affected small business in Kigoma/Ujiji Municipal. In addition, corruption acts as a tax and is harmful for innovations because it inhibits risk-taking behaviors. As small businesses suffer due to corruption, they often contribute less growth to the economy.

4.6 Sectors most affected by Corruption in Kigoma

4.6.1 Corruption in Judicial

Judicial corruption refers to corruption related misconduct of judges, through receiving or giving bribes, improper sentencing of convicted criminals, bias in the hearing and judgment of arguments and other such misconduct.

Respondents in Kigoma/Ujiji municipality complained that there was rampant corruption in primary courts. It was common in courts to be told “go and come tomorrow”. Also prosecutors at this level and court assessors known as “Wazee wa Baraza ” are used to telling people “your case is dangerous and you need to wear on long sleeves shirt to be safe”. However, even it was alleged that even if you pay them something, you still have no guarantee that you will win that case!. The findings further revealed that though there were many complaints against some Local

Government Authority, especially at local/community level, there was no practical evidence of people accused for corruption. As articulated by one of the government official that:

“The working environment of primary court magistrates is so difficult that you find them without papers, transport or even other basic facilities. As a result once they are offered a lift on their way to office or “rewarded” a TV set they go against professional ethics and treat culprits with favor. Now how can justice be there? Is this the observation of professional ethics?”

Generally, the views from respondents revealed some lack of confidence with judiciary system at both primary and district levels. In their own views, they preferred other means such as strong ward tribunals which could help them settle disputes and avoid going to the courts which they described as professional that lack capacity to ensure justice, cared little about ordinary citizens, especially the voiceless and the poor who are the daily victims of corruption that is done with impunity.

In reality, the findings further revealed that although there was no direct evidence that revealed whether there was political interference in courts of law, the latter could not be an exception with the judiciary given the fragility of grassroots democracy and regarding lack of respect of rule of law.

4.6.2 Corruption in the Police

The police in general and the traffic police in particular, are considered extremely vulnerable to corruption. Salaries are low and junior staff members are reported to engage in petty forms of corruption. Senior officers, meanwhile, are reported to benefit with a percentage of overall bribes collected. According to a 2006 Commonwealth Human Rights Report, the Prevention of Corruption Bureau reported in 2003 that the police department was the most

corrupt institution in Tanzania with the highest number of corruption allegations. According to Transparency International (2014) survey, more than 60% of respondents knew someone who had experienced corruption involving traffic police and 18% had been directly exposed to traffic police corruption. But when go back the 2006 Afrobarometer survey supports these findings, with close to 72% of respondents stating that some, most or all police officials were involved in corrupt practices.

4.6.3 Corruption in Tax Administration

Extensive corruption and embezzlement of public funds are documented in a number of reports from both private and official sources. In the first half of the 1990s the Revenue Department within the Ministry of Finance went under the nickname 'Tax Exemption Department', due to widespread granting of discretionary tax exemptions to business people willing to pay for them. According to the Economic and Social Research Foundation (ESRF, 2011), official statistics under reported the value of imports by as much as 70%. Official statistics on reported revenue from customs duties also indicated large leakages. Also, complex laws and lack of administrative capacity create an environment conducive to corrupt practices, leading to low levels of trust towards tax collectors. In Kigoma/Ujiji, the instances of TRA staff soliciting bribes during tax assessments are many. This is because the environment itself, by having mandate for assessment, allows them to enter into corruption engagement. Kigoma is a region situated close to neighboring countries like Congo DRC and Burundi and many people come from those countries almost every day. This means that the custom revenue collection is high, following the legal process but in a real sense this is not working according to rule of law.

4.6.4 Corruption in Health sector

Corruption in government hospitals and health centers is critical issue. There is a government hospital in Kigoma called “Maweni Referral Hospital” in which a big number of people are on queue waiting for treatment. Some wait for more than 5 hours and still do not get medical attention. The problem, the patients responded, *“this might be because of small budget allocated to the health sector, results in shortages of medicines and other medical supplies. Patients have to be put on waiting list for long periods before they are provided with some elective services like surgical operations”*. At some stage, hospitals are forced to do away with elective surgery and perform emergency operations only, and this makes room for corruption (UNDP, 2011).

According to Warioba report, *The Presidential Commission for Inquiry against Corruption*; mention Health sector is one of the areas that is prone to corruption and several years ago was ranked third in the list of sectors with the highest incidence of corruption. Corruption is often manifested at the lower level involving staff of public health facilities who receive bribes as a supplement to their meager income. Individuals are often forced to pay small amounts of money in order to get services that they deserve to get free or with a little payment. Patients pay bribes in almost all hospital departments; the outpatient, laboratory, X-ray, labour ward and mortuary service areas are particularly notorious. The pharmacy and the general wards are also not free from corruption. In fact, there is no ‘corruption free zone’ as is often claimed.

At the higher level, corruption in the health sector mainly involves the payment of big sums of money by rich individuals and institutions to some corrupt government officials in order to win tenders for the supply of pharmaceuticals, medical equipment and supplies. WHO (2008)

insisting that, as a result of this unfair competition among bidders, the government does not receive supplies worth the money it pays. The key corruption risks and challenges in the Tanzanian health sector include:

- Shortage in medicines and other medical supplies as a result of a small budget allocation.
- Surgical operations at some stage, hospitals were forced to do away with elective surgery and perform emergency operations only, and this makes room for corruption.
- Excessive red tape and long queues. Some of the processes and procedures that patients must go through are unnecessary. These procedures combined with shortages and inefficiency result in long queues that create an environment for soliciting and giving bribes.
- Poor salaries for health workers. At one point, the government decided to allow doctors working in the public sector to open private clinics and engage in private medical practice after their official hours of service in a bid to increase their income while retaining them in government service.

4.6.5 Corruption in Education sector

The teaching profession also has problems. There is no well- established criterion for teacher's recruitment, a uniform policy on promotion, remuneration and deployment. There is also high level of teacher absenteeism. However the report found married teachers to be more regular at job than unmarried teachers. This happens because some unmarried teachers are

involved in sexual corruption with top leaders who allow them not to attend classes. This in turn affects pupils who then fail their final national examinations. In addition, some teachers prefer offering private tuitions rather than being fully involved in the normal teaching hours. They do this as a way of looking for extra income so that they can manage their family needs because their salaries are inadequate. No close follow up is done as long as the region is at the end of the country and far from the ministry of education headquarters.

4.6.6 Corruption in Natural Resource Management

The basic relationship between corruption and natural resources is twofold. Firstly, the presence of natural resource endowments may cause corruption. The existence of appropriable resource revenues, for which various social groups may vie, can result in a high level of rent-seeking behavior. Secondly, corruption may occur within natural resource management (NRM) systems themselves, leading to the sub-optimal use of these resources and to poor development outcomes in terms of economic growth and/or poverty reduction. The level of corruption within NRM systems is a product not only of the resource endowments at stake, but also of the institutional arrangements in place to govern their use. Majority of Kigoma/Ujiji residents use firewood or charcoal as cooking energy, due to lack of permanent electricity and lack of gas. Officers working on natural resources sector use that for harassing people who selling charcoal or firewood for getting some little money for their family survival; they charge money which does not go to the government revenue but personal gain. This is because of not having total commitment of people against corruption.

Corruption also makes obtaining official documents a challenge to ordinary people. In Tanzania, especially Kigoma, people experience difficulties trying to obtain titles to land. At

times it takes; it takes about three years without being recognized as a land owner. When coming as individual application process, it is approximately 3 million Tanzanian shillings as costs in terms of survey in order to get title deed. The charges are different for other regions in Tanzania.

4.6.7 Corruption in Migration Sector

Kigoma has been one of the refugee's hosting regions for couple of years. As because Kigoma is the region that bordering with different countries like Congo DRC, Burundi, Rwanda and Zambia; the rate of corruption is high to the migration sector. Presently, most of the immigrants originate from the Great Lakes region (Kainja 2012). While most of the immigrants are legally located in the country, there has been an increased number of immigrants who locate themselves illegally without due documents.

Photo 4: Show illegal immigrants entering Kigoma



Source: International Organization for Migration (IOM)

The above picture shows how the illegal immigrants flew to Kigoma using local ways; most of them are youths.

Due to Kigoma being bordering with more than one countries, and being far from the central government no one taking care of what is going on to the migration officers to the involvement on corruption issues. Many people come from outside the country illegally with no official document in a form of human trafficking which is usually facilitated by friends, family members or intermediaries under the cover of offering education (Sashi Pirera, 2015). Migration officers take advantage to get money and put into their pocket by allowing them to stay illegally, which some being caught with others officers and pay more money with penalty.

4.6.8 Corruption in Public Procurement

According to the World Bank 2006 Enterprise Survey, 42% of companies expect to give gifts to secure a government contract. The payment is known by 3% of the contract's value. Corruption at the local level is reported to be more prone than the central level, due to all activities are implemented at the local level (Business Anti-Corruption Portal, 2013). As this continues to be applied, accounting for donor funded projects is also reported to be weak. Tender boards must declare conflicts of interest in tenders, but this is not always the case. The public Procurement Act makes provision for blacklisting companies involved in corruption, but these regulations are not always enforced. By increasing transparency and accountability in signing contracts may help to increases the cost of such efforts and therefore contributes to lower corruption (Geneva Centre for the Democratic Control of Armed Forces, 2010:18)

Conclusion

Kigoma/Ujiji itself has a lot of resources that may be useful for the economic development of the population. These include Lake Tanganyika for fishing and harbor, Livingstone memorial center, and the railway line for exporting and importing goods and

services. The railway has connection to neighboring countries such as Burundi, Congo DRC and Zambia. The possibility of people and city to develop is high, if the government gives full support in terms of improving social services and infrastructure.

Through improving social services, the living standard of people would also improve. Fish traders to places like Tabora or Mwanza would transport their goods and services fast, reduce costs, and increase the circulation of money within the individuals and the area. The employment also might be available to those initiates' projects by employing people who can work together to boost their business activities. This does not happen due to lack of accountability no one is responsible for making sure that services are delivered to society as planned or budgeted.

To the existing of corruption, there are some sectors that are more affected than others by being involving in corrupt practices. Those are judicial, police, tax administration, natural resource, education and health sectors. Corruption has effect on economic development and reduces overall economic growth and output. The poor or the sick of the society remain as funds allocated to social programs for their benefits are misdirected. Other resources are directed towards the maintenance of order rather than for economic development. Furthermore, corruption reduces governmental revenue directly when officials accept bribes to reduce the amounts payable to the government and also indirectly by slowing economic growth.

Slow economic growth results in less business activities and a smaller income base for the government to derive its income. In addition, corruption and the burden of bureaucracy are encouraging "underground" activities that further reduce the government's tax base. Some

investors hesitate to invest in Kigoma/Ujiji due to lack of infrastructure. Others do not want to be engaged in corruption because it increases the monetary and other direct and indirect costs of investments which at the end reduce returns. Moreover, corruption is harmful for innovations because it inhibits risk-taking behaviors. Finally, as small businesses suffer due to corruption, they often contribute less growth to the economy.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This thesis comprehensively studies effects of corruption on economic development in Tanzania, particularly in Kigoma/ Ujiji Municipality as a focus area. Thesis explained more that the government of Tanzania has tried to commit itself on fighting against corruption but still there is a lack of accountability in the provision of social services in sectors like hospitals, health centers, police stations and courts. It is a serious problem in the country.

Chapter 1 gives the whole overview of the thesis. Explain the research objectives; whereby the main objective is to assess how corruption affects the economic development in Tanzania. Going to specific objectives, this thesis tried to define some conceptual framework of corruption that includes activities that operates in the public and private domains. Not only that the proposed causes of corruption that exist has reviewed in relation to corruption measurements used. The general effects of corruption on socio-economic development and the growth of business and entrepreneurships come across to the evaluation of anticipated policies and actions that may help to reduce corruption. Also, quantification of the effects of corruption on Tanzania's economic growth in general sense using comparative case study approach helped more on this study. Furthermore, the evaluation process of the effectiveness and feasibility of corruption reduction policies within the Tanzania context, took a big part to facilitate the whole way in the fulfillment of this thesis. The significance of study based from both an academic and practical perspectives purposely to provide overall discussion of the current research findings on corruption and its effects on economic growth and development, measurements instruments, causes and cures of corruption have also discussed. Also, this thesis managed to evaluate the

various corruption measurements available and highlights their characteristics. This thesis highlighted the negative effects of corruption on economic development and growth. Moreover, this thesis tried to quantify the economic effects of corruption in Tanzania, that experienced explosive growth in foreign investments and it was able to maintain the level of capital capturing despite the uncertain global economic conditions.

The research questions helped a lot to guide the study as key facts. What are the main key causes of corruption in Tanzania was one of the research questions. Talking about other effects of corruption to the government and individuals was another point to consider in the study without forgetting, how Tanzanian government is fighting against corruption. Not only that, theoretical framework is something that clearly stated by giving some different theories that have been used to analyze the situation. It has been discussed that there are various economic and social theories that are useful for examining corruption. These include principal-agent theory as explained by Rose-Ackerman is used to posit relationships between citizens, civil servants and clients which give opportunities for corruption. As discussed on page 14 of chapter one, the theory based on the assumptions that a civil servants responsibility is to maximize the public benefit. Consequently, anti-corruption interventions, guided by principal-agent models, have focused on reducing the discretion of civil servants, increasing monitoring mechanisms, promoting transparency in government, supporting anti-corruption civil society groups to serve as watchdogs, and strengthening sanctions on those who engage in corruption, so as to better align the incentives of potential ‘agents’ with those of their respective ‘principals’. As emphasized by Aidt, under conditions of perfect information, the agency costs are too high for

the civil servant to accept corruption. In real sense 'principal-agent theory can play a central role in explaining why transparency is essential in transactions'.

Public choice theory captured by the Nobel Prize-winning economist Amartya Sen, focus on many developing economies that corruption has involved within the economic structure from a centralized economy to a decentralized economy. It is true that basis of public choice theory is the assumption of the existence of constitutional governance. Public choice analysis has roots in positive analysis in order to identify a problem or suggest improvements to constitutional rules basing to constitutional economics. Institutional theory is a policy-making that emphasizes the formal and legal aspects of government structures.

As discussed on distributive justice theory, is a theory that takes as its primary aim is the attainment of maximum possible happiness of society as a whole. Is a policy which makes happy the greater number of persons, or the one which frustrates satisfaction of desires of the least number of them, is the only one which is right to choose. This focuses on equal distribution of resources. Harvey (2009:5) said, the distributive justice theory varies according to what is to be distributed. The purpose of distributive justice could be addresses the distribution of economic indices, such as income, wealth, jobs or opportunities; but in developing economies, the distributive justice principle lacks means of enforcement because of the lack of proper indices for valuing goods for equal distribution. However, research methodology and design used well elaborated. Finally, organization of the thesis has been explained in the last part of the chapter.

Chapter 2 concerned with corruption and its effects in Africa. In this chapter, it has been discussed some corruption concepts in the African perspectives. Corruption is a serious problem

that weakens societies, ruins lives, and impedes development. As one of the world's most corrupt regions, it is vital that Africa tackles the problem with increased vigor. Effectively addressing corruption on the continent must become a development imperative as African countries cannot bear the costs of corruption.

In recent years there have been significant increases in the attention paid to corruption in part due to several factors. First, is a series of high level of corruption cases in industrialized countries; Second, it is due to an increasing awareness of the costs of corruption throughout the world. Third, it is due to political and economic changes which many countries are undergoing.

As ever, it is the poor and marginalized who suffer most from corruption, but as a threat to the development of the region, fighting corruption becomes a shared responsibility. In addition to anti-corruption measures being made an integral part all development strategies at the state level, the private sector and civil society must assist Government in fighting the scourge. Corruption undermines social values because people find it easier and better paid to engage in corruption than to seek legitimate employment. Also, it erodes governmental legitimacy because it hampers the effective delivery of public goods and services. Furthermore, it limits economic growth because it reduces the amount of public resources, discourages private investment and saving and slows the efficient use of government revenue and development assistance funds.

In chapter 2, this thesis argues that, the ultimate responsibility of combating corruption lies with countries themselves; there is a role for both regional cooperation and international support (Ayittey, 2002:23). This brings up the idea that many corrupt practices are localized or are confined within the boundaries of individual countries. Many more, however, are not.

International business transactions have long been recognized as fertile ground for corruption. Much of the money gained as a result of corrupt practices is kept in safe havens outside of Africa.

Furthermore, the costs of corruption for Tanzania are significant in terms of economic growth and social development. Corruption has led to remarkable economic stagnation, and it has helped to concentrate power and wealth in the hands of a few people. While it has widened the crisis in public administration, it has also lowered the integrity and dedication of the people who make up the civil service. Finally, it has contributed to political instability and increased ethnic tension, and it has sabotaged economic development and subverted the rule of law.

In Chapter 3, this thesis investigates corruption and its effects in Tanzania. In the Tanzanian perspectives, corruption is defined as the abuse of public position for private benefit, whether that private is individual or group. It has two-way process; involving members of both the public and private sector, who are engaged in illegal, illegitimate and unethical action that diminish a country's economic prospects and degrade its social and political institutions (United Republic of Tanzania, 2004). There are five main forms of corruption in Tanzania. These are bribery and grease payment, petty and grand corruption, bureaucratic corruption and political corruption. Corruption is perpetuated by the political and administrative system. Politicians are known to go to business and solicit campaign monies. Of course businesses are not simply dishing out funds to the politicians without expecting a return. They know that one day they would need favors from the politicians. The political parties do not have ability to fund the elections from their own sources so they resort to soliciting money from businesses. But, when other junior officials see what is happening with politicians and their bosses they feel that they

are justified to engage in corruption; that it is free for all. Tanzania is ranked to 119 among 175 nations according to Transparency International (2014) corruption ranking report.

The key to fighting corruption is the inclusion of the private sectors in the implementation of anti-corruption strategies because the private sector is part of the corruption infrastructure. Businesses need to eliminate corruption within their ranks, by keeping bribery out of the tendering and procurement processes and eliminating extortion. This would be in accordance with the UN Global Compact of universally accepted principles regarding human rights, labor, environment and anti-corruption.

Specifically, ways should be found of encouraging the public to support anti-corruption strategies that create an environment in which corruption is not accepted or condoned. In the past, corruption was seen as a fact of life and corruption cases were rarely reported. Knowledge will empower communities to become part of the solution to the problem rather than to remain victims of corruption. According to TI, accountability on development progress can also be promoted through measures to increase the involvement of community members, including women and other vulnerable groups, in decision-making processes and monitoring Government pledges and aid projects.

Chapter 4 was specific on corruption and its effects in Kigoma/Ujiji Municipality. According to the definition of corruption due to two groups' perspectives; the first group perceived corruption in this way: *“corruption is breaking of law, order and all the norms of a humane civilized society and is indeed abusing of the country’s constitution, laws and regulations for individual/private gain at the expense of the larger society”*.

Another group of respondents gave also their understanding of corruption that *“Corruption is like HIV/AIDS. In the beginning when the message spread about it was intended to scare people, most of them pretended to be hypocritical about their behaviors instead of being open. As a result the spread of HIV/AIDS grew in alarming rates. But now as the approach changed to more education, people have become more open, recognized the problem and there is some success in combating the pandemic. That is similar to corruption and anticorruption war”*

Kigoma region is famous for historical events and antiquities such as Dr. David Livingstone memorial monuments at Ujiji old town. Other tourist attractions in the region include the Gombe National Park, Mahale National Park and Lake Tanganyika, the deepest lake in Africa and second deepest in the world which is attracting tourists for fishing adventures. It has been emphasized in this thesis that the provision of social services, the crucial problem leading to corruption practices, affects development. The general health condition, food security and nutritional status of the population in the municipal are not good. These need changes through well utilizing resources.

5.2 Recommendations

The problem of corruption can nevertheless be addressed through the combined efforts of individuals in all spheres of society.

In order to eradicate the negative effects of corruption on development, the attentions have to be on all Governments, donors and non-Governmental organizations to adopt anti-corruption measures in all their development strategies. In particular, the anti-graft organization suggests that the first step in solving the problem is for Governments to implement the 2003

United Nations Convention against Corruption (UNCAC), ratified by 145 countries. UNCAC, which came into force on 14 December 2005, became the first legally binding, global anti-corruption agreement representing a significant achievement in the fight against corruption, as emphasized by United Nations Office on Drugs and Crime, *United Nations convention against corruption* (2004)

The convention takes a holistic approach and includes a comprehensive array of anti-corruption strategies ranging from good governance and structural reform to the participation of civil society. By following its four pillars; prevention, criminalization, asset recovery and international co-operation serve to promote open, honest and efficient decision-making, fair competition and ethical procurement systems, supporting effective Government development strategies, will help to prevent and combat corruption in all spheres. (Ibid)

All in all Transparency International also urges donors to be transparent to allow for greater public oversight of where and how their money is spent. This will help citizens to hold Governments receiving donor funds to account. I support that transparency can be improved by the regular publication of information on how governance and anti-corruption efforts are being implemented to achieve progress on the Millennium Development Goals. Also, Transparency initiatives could include national-level access to information laws, information campaigns on citizens' rights, and joining international initiatives to publish information on particular sectors, such as natural resource revenues.

Furthermore, Governments must include anti-corruption measures in their development strategies if progress is to be made in this field. However, Government action will not be

enough. Key to fighting corruption is the inclusion of the private sector in the implementation of anti-corruption strategies. If the fight against corruption is to make any progress, the private sector cannot leave all the work to Government. Companies must actively seek to eliminate corruption within their ranks, by keeping bribery out of the tendering and procurement processes and eliminating extortion, in accordance with the 10th principle of the UN Global Compact of universally accepted principles regarding human rights, labor, environment and anti-corruption. (United Nations Global Compact Office, 2008)

Besides, public opinion must support anti-corruption strategies to be a major force in creating an environment in which corruption is not accepted or ignored. Too often in the past, corruption has been seen as a fact of life with corruption cases rarely being reported. The bottom up mechanisms must be put in place for citizens to hold authorities to account on matters of corruption. Furthermore, knowledge will empower communities to become part of the solution to the problem rather than the victims of corruption. According to TI, accountability on development progress can also be promoted through measures to increase the involvement of community members, including women and other vulnerable groups, in decision-making processes and monitoring Government pledges and aid projects. The organization suggests that tools like shadow reports and scorecards¹⁰ can be used to rate Governments against their commitments. Thus, political corruption adds to the many other problems of democratic transformation and consolidation. The fight against corruption and the struggle for a clean and accountable government should therefore be seen as a part of a broader democratic agenda.

¹⁰Scorecard is a card, sheet, or book in which scores are entered

Finally, the issue of corruption should not be addressed from only one viewpoint, neither the study of corruption nor the struggle against corruption. This is because each of the possible sources that can restrict corruption is also a possible source of corruption.

5.3 Future Research

I am expecting to do further research on the relationship between corruption and poverty in East African; specifically to three countries Uganda, Tanzania and Kenya.

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Appendix 1: Interview Guiding Questions

Age..... Sex.....Religion.....

- How do you define corruption according to your own perspective?

- What are forms of corruption in Tanzaina?

- What are main causes of corruption in Tanzania?

- What sectors are most affected by corruption in Kigoma?

- In your own understanding, what are the effects of corruption?

- Have you ever been in court because of corruption? If yes why?
