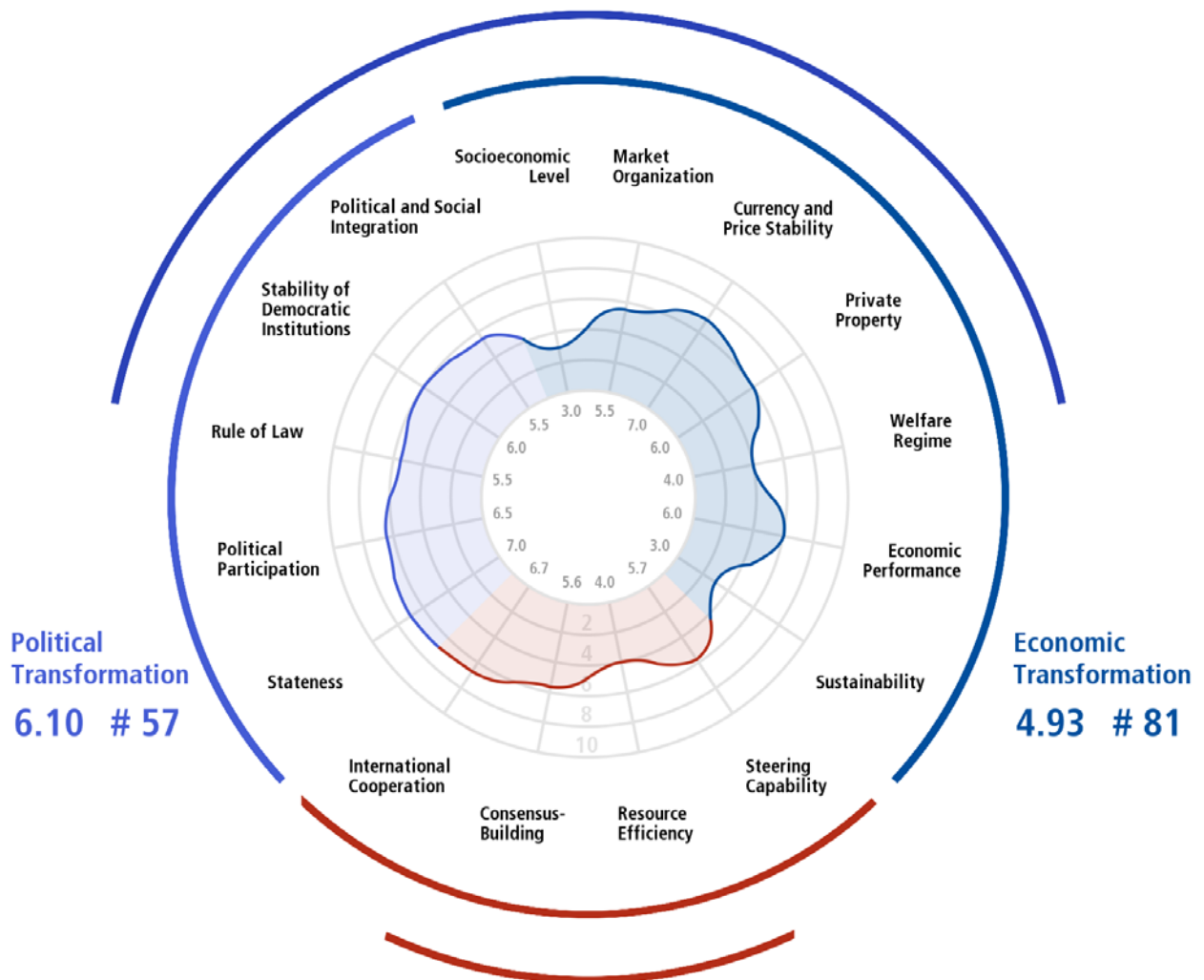


Tanzania

Status Index

5.51 # 64

on 1-10 scale out of 129



Political Transformation
6.10 # 57

Economic Transformation
4.93 # 81

Governance Index

5.07 # 63

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	55.6	HDI	0.531	GDP p.c., PPP \$	2787
Pop. growth ¹	% p.a.	3.1	HDI rank of 188	151	Gini Index	37.8
Life expectancy	years	64.9	UN Education Index	0.458	Poverty ³	% 79.0
Urban population	%	32.3	Gender inequality ²	0.544	Aid per capita \$	47.9

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The period under review saw the peaceful transition to a new administration with surprising policies on the union level and a return to an authoritarian system of exclusion in Zanzibar.

Unlike in many other African countries, there was no debate over extending President Kikwete's two constitutional terms, which ended in October 2015. The ruling party's well-established process of selecting Kikwete's successor was rather competitive and saw a surprise winner, John Pombe Magufuli, who had earned some respect as a hard-working minister, but was a relative outsider to the party establishment. The defeated favorite, Edward Lowassa, a former prime minister and one of the most controversial figures in the party, changed sides and became a candidate for the opposition coalition Ukawa.

The October 2015 general elections, which witnessed the best opposition performance in Tanzania's history, were by and large orderly conducted, albeit in a tense atmosphere. The newly elected President Magufuli, who appointed Samia Suluhu Hassan as Tanzania's first female vice-president, introduced a new, consequent leadership style, reducing unnecessary expenses and misappropriation of public funds, stressing work discipline and imposing serious anti-corruption measures. More than 16,000 ghost workers were removed from the public payroll and over 300 public officials sacked or transferred on corruption allegations. Whereas this commitment to "hard work and nothing else" (Magufuli's campaign slogan) earned his government international approval, concerns about emerging authoritarian tendencies arose. Public activities of opposition parties were seriously curtailed and some of their leaders repeatedly interrogated by police. The new administration's tendency to rule through ultimatums, decrees and sackings of officials seems to instill a culture of fear and to undermine state institutions and established democratic procedures. Furthermore, three repressive laws to control the media and information sector were introduced during Kikwete's and Magufuli's terms, with several people charged and sentenced under the new Cybercrimes Act.

In Zanzibar, the electoral process was annulled by the electoral commission's chairman during the vote-counting process. Citing alleged, but unproved irregularities in the opposition stronghold of Pemba, he declared the elections void and ordered a new election, which was held in March 2016, boycotted by the main opposition party Civic United Front (CUF) and criticized by the donor community. After five years of a reconciliatory Government of National Unity, Zanzibar thus returned to authoritarian single-party rule.

The constitutional review process, which had been conducted since 2012 with a remarkably high participation from organized groups and the general public, ceased in April 2015, just before the envisaged referendum and was indefinitely postponed.

Macroeconomic performance was satisfactory; the country stayed on track to meet the state's goal of becoming a middle-income country by 2025, for which the new second Five-Year Plan (2016/17 – 2020/21) provided a medium-term framework. IMF missions in 2015 and 2016 to review the country's performance under the Policy Support Instrument (PSI) judged Tanzania's perspectives as favorable, but also indicated shortcomings in implementation. However, the majority of the poor population remained excluded from these macroeconomic successes.

The new government's sometimes-erratic decisions and spontaneous directives were received with mixed feelings and increased uncertainty by the businesses community. Strict controls were introduced to improve tax discipline and reduce tax avoidance, and new taxes were introduced. The cutting of unnecessary state expenditures was widely welcomed, but at the same time the austerity policy had some undesired effects on the economy. Relations with the neighboring countries improved further, and the new government displayed a stronger commitment to the East African Community (EAC) integration process, focusing more on joint infrastructure projects than on political issues. Contrary to Kenya and Rwanda, Tanzania rejected the Economic Partnership Agreement (EPA) between the EAC and the EU in 2016.

History and Characteristics of Transformation

An evaluation of the transformation in Tanzania is complicated by the political construction of the United Republic of Tanzania (the Union) into the Tanzanian mainland (formerly Tanganyika) and semi-autonomous Zanzibar, which consists of the two main islands of Pemba and Unguja and several smaller islets. Each part of the Union has its own constitution, parliament, government and budget. Developments have unfolded quite differently in these two parts of the country.

On the mainland, the one-party system gave way quite peacefully to a multiparty system in the 1990s. In Zanzibar, transformation was marked by violent clashes and the sustained repression of opposition parties, especially the Civic United Front (CUF). The Union experienced high political stability after the Nyerere era, with three presidents (Ali Hassan Mwinyi, Benjamin Mkapa and Jakaya Kikwete), each ruling for two consecutive five-year terms. Zanzibar has remained an authoritarian regime within the Union. However, barely 3% of the total population (1.3 million

people) lives under this authoritarian regime. Political transformation was initiated by the Union government, controlled by the Chama Cha Mapinduzi (CCM), in 1991. A presidential commission appointed in 1991 advocated introducing a multiparty system in early 1992, even though more than 80% of approximately 30,000 polled citizens at that time expressed support for one-party rule; a majority favored a greater participatory role for the public in the one-party system. This first phase of liberalization and democratization ended in 1995 when the 30-year practice of single-party elections yielded to the first multiparty elections. In the 2000 elections, the CCM managed to attain a decisive two-thirds majority victory. This majority was further enlarged in 2005 when the CCM secured in excess of 80% of the vote. The 2010 Zanzibar election results were contentious (as they had been in 1995, 2000 and 2005) but no violence erupted due to a pre-election agreement between the CCM and the CUF to form a Government of National Unity (GNU). Since the 2010 elections, amid growing dissatisfaction with the performance of government, by-election (special election) results show the opposition party CHADEMA making further gains.

While a separation of powers is enshrined in the constitution, the executive dominates and the legislature and judiciary are not truly independent.

Although Tanzania can be characterized as a relatively well-organized African country, the administration is prone to inefficiency. Embezzlement of public funds and corruption are widely criticized characteristics of the political and administrative systems.

The economic transformation of the formerly socialist-oriented, state-controlled economy began in 1986 with the first IMF structural adjustment program (SAP 1), but was implemented only erratically until the mid-1990s. Market reforms were pursued more consistently after 1995. Since then, progress has been made in privatizing state enterprises and in deregulating the economy. The inflation rate was markedly reduced down to a single digit. The second half of the 1990s brought relatively favorable growth rates, slowly rising to more than 6% and sometimes even more than 7% since 2001, despite weather-related slumps in some years. Nevertheless, reforms have fallen far short of overcoming the structural weaknesses of the Tanzanian economy, namely a heavy dependence on foreign aid, mining, and agriculture (much of it at the subsistence level) and limited development of the manufacturing sector – hence, little diversification of exports.

Although the country's Human Development Index (HDI) scores have improved over the years (from a score of 0.353 in 1990 to 0.531 in 2015), Tanzania continues to rank among the countries with the lowest human development. Tanzania's economic progress still has not had an impact on the country's alarmingly level of poverty. More than 30% of the population lives in severe poverty and almost 70% lives on less than \$1.25 a day.

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

Transformation Status

I. Political Transformation

1 | Stateness

The security forces, which are loyal to and controlled by the state, face no competition from any other social or militant group. Local vigilante groups (sungusungu) are registered by the police and cooperate with them. Isolated, locally limited violent conflicts (mainly about land issues), sporadic politically motivated assaults (mainly in Zanzibar) and an increasing level of violent crime somewhat restrict the state's monopoly on the use of force.

Question
Score

Monopoly on the
use of force

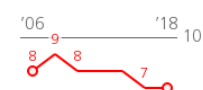
8



A large majority of the population accepts the nation-state as legitimate. Citizenship and naturalization are not denied on the basis of race, ethnicity, national origin, religion, gender or for political reasons.

State identity

7



The legitimacy of the union between the mainland and semi-autonomous Zanzibar is, however, questioned by politicians and segments of the Zanzibar population that claim that Zanzibar is underrepresented in the Union and politically and culturally dominated and economically exploited by the mainland. The resulting demands range from greater autonomy to complete Zanzibari independence.

In Zanzibar, supporters of the opposition have been denied citizens' rights, mainly during the voter registration processes prior to Zanzibar presidential, parliamentary and district council elections. To be allowed to vote in the Zanzibar elections, voters are obliged to have a Zanzibar Identity Card (ZanID), which is issued by local government officials (shehas). In numerous cases, shehas have refused to issue ZanIDs to opposition supporters.

Tanzania is explicitly a secular state. The legal framework is derived from English common law. Laws are enacted by the parliament, translated by courts of law and enforced by the administration. Citizens are free to seek remedies through courts of law, through the religious institutions or through the respective traditional laws.

No interference of
religious dogmas

8

Marriage, divorce and inheritance are regulated by religious, traditional or state institutions, according to citizens' choice.

Religious dogmas can influence politics, since religious institutions and their leaders are highly respected in society, and all political parties seek good relations with religious leaders and their organizations.

In Zanzibar, laws are to a certain extent influenced by the religious dogmas of the dominant Muslim faith (e.g., some of the religious rules for Ramadan have been included in Zanzibari laws).

Tanzania is frequently described as a comparatively well administered African state. Administrative structures are established throughout the entire territory. Performance is, however, weak, due to a lack of financial resources, waste and embezzlement of public funds, untrained and unmotivated staff, corruption and political interference.

The administration generally provides the most basic services, but only very basic ones. Only about 50% of the population have access to safe water sources, and 15% use improved sanitation facilities. The previous and current governments have successfully implemented measures to improve school enrollment in primary and secondary schools; however, learning and teaching environments and the quality of education remain poor. There are basic health facilities even in the majority of rural areas, but they lack sometimes even the most essential medications and qualified staff.

Courts and police are present and accessible throughout the country, but have a bad reputation among the population. Both are considered to be prone to corruption: court cases usually take much too long to reach judgments and police forces tend to overreact in difficult situations.

Several reform programs (The Civil Service Reform Program, The Local Government Reform Program, The Public Financial Management Reform Program, The Big Results Now Initiative, and the sector reform programs) have been implemented to strengthen the administrative system and improve the situation, albeit without resounding success.

After being elected in September 2015, the new administration under President John Pombe Magufuli has vigorously taken measures to increase discipline in public service and to stop the squandering and theft of public resources. These measures were, however, mainly based on threats, set targets and ultimatums, and less on structural reforms. For example, tax collectors were given targets, which they had to meet – which made some of them prone to undertaking questionable and arbitrary actions against small business people and the general population.



Basic administration
5



2 | Political Participation

Presidential, parliamentary and district council elections are regularly held after five years; universal suffrage and a secret ballot are generally ensured. Fully registered political parties can participate in elections and posts are filled according to election outcomes.

There are 23 registered political parties. The political landscape is, however, dominated by the Revolutionary Party (Chama cha Mapinduzi, abbreviated as CCM), which has governed the country since independence. Two major opposition parties have emerged, the Party for Democracy and Progress (Chama cha Demokrasia na Maendeleo, abbreviated as CHADEMA) on the mainland and the CUF (Civic United Front), which has a stronghold in Zanzibar. On the mainland, the CCM enjoys considerable support among the elderly and the huge rural population and may thus have no need to manipulate elections. The situation is different in Zanzibar, where the CCM and the CUF are each supported by about half of the population.

Elections for Union institutions (the Tanzania presidency and the Tanzania parliament) and for district council elections on the mainland are administered by the National Electoral Commission (NEC), whereas the ZEC (Zanzibar Electoral Commission) administers elections for the Zanzibar presidency, the Zanzibar parliament and the district councils in Zanzibar. Although neither commission is independent from the government, the NEC has generally performed more professionally, effectively and impartially. Whereas the outcomes of elections administered by the NEC have generally reflected the voters' will, most, if not all elections in Zanzibar have been severely manipulated. This applies in particular to the 2015 general elections, when the ZEC chairman nullified the elections during vote-counting, claiming irregularities and ordered a new election. This move was strongly rejected by the international community, which in vain demanded proof of the alleged irregularities and the opposition CUF, which refused to participate in the second election.

Voting procedures, including vote-counting and tabulation by both commissions, were assessed positively by national and international observers.

However, the ruling party made excessive use of state resources before the elections; constituency boundaries were redrawn to benefit the ruling party; opposition members and supporters of the opposition were intimidated and opposition voters were prevented from registering to vote – especially in Zanzibar. In a limited number of cases, opposition parties were denied the right to assemble, to share the planks of their platforms and to conduct their campaigns. Representatives of political parties observed the electoral process from the early stages of the process to the procedures on election day.

Free and fair elections

6

'06 '18 10



1

Also, the privately owned media was biased toward the CCM. Even those media outlets that reported on the opposition focused on the big opposition parties. There was hardly any reporting about the activities of small – and de facto insignificant – parties.

In general, democratically elected representatives have full power to govern. Political power is mainly vested in the executive branch, with strong authority in the hands of the (directly elected) president. Domination of the executive limits the – also elected – legislative’s power to govern. The strongest veto group is the ruling party and its committees. These committees are elected – but only by party members and not by all eligible voters in general elections.

Interest groups of all sorts (economic, faith-based, and criminal) try to influence decision-making and some of these groups sometimes also engage in corruption.

The military has considerable influence; it is, however, integrated into the political system and controlled by the state’s civilian institutions.

Also, the international donor community constitutes an influential actor, which can limit the governments’ power to rule. The diversification of donors and economic partners and growing competition among them has, however, increased the government’s ability to ignore traditional donors’ demands.

The constitution guarantees freedom of association and freedom of assembly. Associations are required to register themselves under specific laws, such as the Political Parties Act (1992), the NGO Act (2002), the Societies Act (2002) and the Cooperative Societies Act (2003); they may also be deregistered by the state organs.

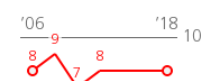
Citizens are free to form associations and to assemble as state interference in NGO activities is low. However, legislation gives the authorities – in particular, the police – the power to deny the right to assembly on grounds that are not clearly defined (such as security concerns) and hence prone to arbitrariness.

According to different sources, there are between 3,000 and 8,000 registered associations in Tanzania. In practice, the space for Civil Society Organizations (CSOs) significantly increased under the previous governments of President Jakaya Kikwete. Service delivery organizations were and are still welcomed by the government and acknowledged as important contributors to achieving the country’s development aims.

Advocacy groups openly criticize the government, government policies and conditions in the country without restriction. The authorities have, however, tended to impose restrictions on CSOs when their activities were perceived as a threat to the ruling elite’s political or economic interests. CSOs have been temporarily banned,

Effective power to govern

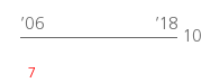
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Association / assembly rights

6



1

their offices searched, their staff arrested and formally interrogated or informally threatened by state organs.

Although tough restrictions have rarely been enacted, the authorities' tendency to ban public political activities such as campaigns, rallies and demonstrations has been greater when these activities occurred close to critical events such as elections.

During campaigning for the 2015 general elections, when strong opposition challenged the CCM's dominance, political rallies by the opposition were frequently banned by the police due to security concerns, sometimes on very short notice. Politicians, mainly from the CHADEMA party, were arrested and charged with sedition, instilling public unrest or threatening the peace; spontaneous protests were violently dispersed using heavy-handed police intervention. A few days after the elections, the data center of the Legal and Human Rights Center in Dar es Salaam, which hosted the Tanzanian Civil Society Consortium on Election Observation was raided by police, who temporarily arrested 36 data clerks and confiscated computers and mobile phones.

The situation worsened after the new government of President John Pombe Magufuli came to power in September 2015. In June 2016, Magufuli banned all political rallies and public demonstrations until the next elections in 2020, arguing that it was now time for work and not for politicking. In September, the police went even further, also banning internal party meetings on grounds that they serve to create chaos.

The use of excessive police force is a common feature in Zanzibar, where the rights to free association and assembly are severely restricted.

The constitution guarantees freedom of expression and the right to information. CSOs have, however, for years complained about several repressive laws, which allow the government to restrict these rights and freedoms.

Since 2015, three new laws have been enacted that limit the freedom of expression and the right to information and increase the government's control over the media sector (the Cybercrimes Act, the Statistics Act, and the Media Services Act).

Tanzania has a diverse media landscape with numerous print outlets, TV and radio stations, internet sites and blogs of all sorts, reflecting different opinions. In Zanzibar, press freedom and diversity in published opinion are limited. There is only one newspaper, and it is government owned. Several attempts by journalists to establish an independent newspaper have been blocked by the government. The same applies to TV and radio stations. There some privately owned radio stations in Zanzibar, but they only broadcast entertainment or religious programs. However, media from the mainland is available in Zanzibar.

In previous years the country enjoyed a comparatively high degree of freedom of opinion and press freedom. However, restrictive laws have occasionally been used to

Freedom of
expression

6

'06 _____ '18 10



_____ 1

undermine press freedom, with newspapers and radio stations being closed or temporarily banned. Journalists have been harassed, attacked and even killed, and their offices vandalized. Corruption and self-censorship occur; the extent is, however, difficult to measure.

Several severe attacks against journalists and the implementation of the new draconian laws in 2015 have instilled a climate of fear and caution among media practitioners. Several people have been arrested and charged under the provisions of the contentious new Cybercrimes Act.

Consequently, the country has dropped twelve places in the 2017 Reporter Without Borders' World Press Freedom Index to 83rd out of 180 states.

3 | Rule of Law

The separation of powers is fundamentally assured, but in practice the executive branch dominates.

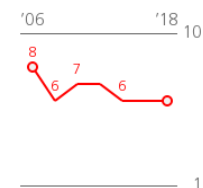
Even formally the separation of powers is limited. Parliament includes the National Assembly and the president. The president has furthermore the right to appoint up to ten additional members of parliament. Also, the attorney general – a presidential appointee – is an ex-officio member of parliament. Judges and magistrates are also appointed by the president.

In practice, there is government influence on legislative and juridical decisions, especially on the lower courts. However, in several instances both courts and the National Assembly have demonstrated their independence. Courts have ruled against the government or the ruling party (e.g., rulings against election results, challenges from defeated members of the ruling party). The National Assembly played an important role in uncovering several major corruption cases and government ministers' budget proposals have been rejected several times.

There is a well-developed and differentiated juridical system. Political influence and corruption, especially at the lower levels, limit the independence of the judiciary. Long legal proceedings, a scarcity of financial resources and qualified personal and distrust from the general population further limit the legal system's capacity to fulfill its intended role.

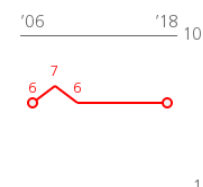
Separation of powers

6



Independent judiciary

6



In general, corrupt office holders are not adequately prosecuted. The Prevention and Combat of Corruption Bureau (PCCB) lacks the legal instruments to charge or penalize offenders. Its capacity to investigate high-level corruption cases is restricted by political interference.

Officials found to be involved in corrupt practices were usually forced to step down from their posts or transferred to other posts, but rarely prosecuted.

The new administration has promised to change this culture of impunity. Hundreds of officials who were suspected of corruption have lost their jobs – albeit sometimes in questionable manner. However, only a few legal proceedings have been initiated.

The constitution and the legislation generally protect the rights to life and security of persons. The death penalty, however, exists for convictions of treason and murder and is the mandatory sentence for murder. Despite that, there has been no execution reported since 1994 and death penalties are regularly converted into life sentences. According to the Legal and Human Rights Center's (LHRC) Tanzania Human Rights Report 2015, currently more than 400 prison inmates have been sentenced to death.

The right to life has been violated by security organs in several instances. Security forces (the Field Force Unit (FFU) and ordinary police officers) tend to react with excessive force to clamp down spontaneous protests or provocations during demonstrations. Several people have been severely injured or killed as a result of police operations.

A common belief in witchcraft also poses a threat to the right to life and security of persons. According to the LHRC, on average about 500 people per year are killed due to belief in witchcraft, mainly elderly women and people with albinism. Although the state authorities condemn these acts, there is no comprehensive strategy against crimes related to belief in witchcraft. Also, only a few perpetrators have been prosecuted.

The LHRC reports that since 2010 more than 4,000 people have lost their lives due to rapidly increasing acts of mob violence, the main cause of violations against the right to life in the country. Although the government condemns these acts, hardly any measures are taken to prosecute the perpetrators.

Torture is not systematically practiced. The right to personal security is, however, not guaranteed in prison. The general conditions in prisons are bad and prisoners must rely upon prison staff's benevolence.

Access to justice is formally provided by the juridical system, which is, however, limited by several factors. There is a shortage of courts and qualified personnel, mainly in rural areas. Many people are not familiar with the court system and hesitate to bring a case to court. For the majority of poor Tanzanians, court fees are too high and legal aid unaffordable. Furthermore, trust in the legal system and its ability to

Prosecution of
office abuse

4

'06 '18 10



1

Civil rights

6

'06 '18 10



1

find satisfactory and just solutions to disputes is low, due to the long duration of court procedures and a widespread perception that the courts mainly protect the interests of wealthy and influential people.

The laws provide for equality before the law. There are, however, some discriminatory laws, such as inheritance laws and marriage laws, which discriminate against women. The government has frequently spoken out against discrimination against girls and women and has implemented several programs to promote gender equality. These efforts are, however, undermined by common cultural norms and values in a male-dominated society. Gender-based violence is prevalent. In 2013, the government introduced Gender and Children's Desks in police stations with specifically trained female police officers.

Homosexual acts are criminal offenses, but hardly ever prosecuted. Prejudices and discrimination based on sexual orientation are rife due to cultural and religious norms. Also, discrimination against people with disabilities is common.

4 | Stability of Democratic Institutions

On the mainland, democratic institutions exist on the national, regional and local levels. The National Assembly, local councils and the national and local governments are elected. Despite the president's and the ruling party's (informal) considerable power to interfere, decision-making generally follows appropriate and legitimate procedures. However, the new administration under President Magufuli has introduced a new practice of ruling through edicts, which frequently conflict with legitimate procedures and the law.

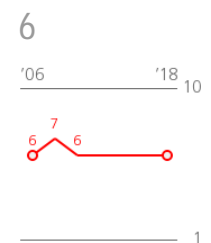
The courts and the administration are weak due to underfinancing, incompetence, unclear or missing information, corruption, nepotism, et cetera, especially on the regional, district and local levels.

Friction can occur on the district and local levels, where elected local government structures and appointed central government structures overlap.

In Zanzibar, the situation is more critical since the formally democratic institutions function within an authoritarian framework.

Democratic institutions are accepted as legitimate by most relevant actors, but the ruling party Chama Cha Mapinduzi (CCM) shows resistance to opening the political system to a functioning multiparty democracy (formally established in 1992), with a vibrant and critical civil society and media, which would challenge the dominant position it has held since independence. Individual state institutions are not always sufficiently accepted by all relevant actors, as even government officials occasionally feel a greater obligation to the former and current state party than to the legislature. The CCM has demonstrated its unwillingness to accept democratic institutions when

Performance of democratic institutions



Commitment to democratic institutions

6

those pose a threat to the party's claim to power, and has blocked or undermined decisions made by them.

This assessment does not apply to Zanzibar, where the CCM-led government was forced by the mainland government to accept democratic institutions.

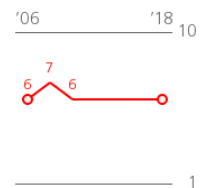
Most of the non-CCM members and voters have reservations about election management bodies. They are viewed as being pro ruling party.

5 | Political and Social Integration

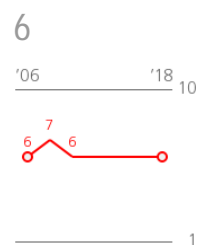
The party system is dominated by the former state CCM (Chama cha Mapinduzi, Revolutionary Party). The CCM, which has been in power since independence, is deeply rooted in society and has branches and members in every corner of the country. Despite severe internal frictions, the party has proved stable. The CCM wing in Zanzibar enjoys a considerably independent existence within the party, with specific interests which sometimes contradict those of the main party. Apart from the mainland-Zanzibar divide, there are also sometimes very hostile factions, mainly based on the clientelist networks of ambitious party members pursuing their own personal interests. Factionalism based on different ideologies (as existed during the phase of economic and political liberalization) has become less important.

The opposition parties emerged after the multiparty system was reintroduced in 1992. Most of them lack concise programs and get their support mainly through opposition to the CCM. In Zanzibar, where the political arena is extremely polarized and society divided along party lines, the Civic United Front (CUF) has become the main – and de facto only – opposition party. Support for the CUF and the CCM on the islands is almost on a par, with the CUF overwhelmingly supported on Pemba and in Zanzibar's Stone Town. The CUF is rooted in Zanzibar, although it owes most of its support to its – aged – charismatic leader, Secretary-General Seif Sharif Hamad. The CUF's position is, however, increasingly challenged as a result of Hamad's failure to bring political change through ballots and bargaining, which has always been torpedoed by the ruling party. A frustrated citizenry could possibly withdraw from political activities and more radical groups could try to find less conciliatory ways. A recent leadership wrangle between Hamad and long-standing Party Chairman Ibrahim Lipumba, who stepped down in 2015 but subsequently reclaimed his position, puts the party under severe stress, having split it into Zanzibar and mainland wings.

The situation for opposition parties on the mainland is different, due to the strong, albeit slowly shrinking, support for the CCM. After the National Convention for Construction and Reform – Mageuzi (NCCR-Mageuzi) (1995), the Tanzania Labor Party (TLP) (2000), the CUF (2005) was the strongest among the very weak opposition parties. CHADEMA (Party for Democracy and Progress, Chama cha Demokrasia na Maendeleo) has managed to stabilize itself as the leading opposition



Party system



party since 2010 and – in the 2015 elections – was the first party to threaten a CCM victory (as the leading force in the four-party alliance, Ukawa).

Although some CHADEMA politicians have over the years built up a strong local base for their party, the party as a whole can hardly be described as socially rooted. It draws its current support from opposition to the CCM, which in some parts of the country is deeply rooted in society. Like the CUF, the CHADEMA has also experienced severe leadership wrangles. The party is, however, less focused on one person than the CUF and survived these internal squabbles without major damage.

Another handful of smaller parties (the NCCR-Mageuzi, the TLP, the United Democratic Party, the Alliance for Change and Transparency (ACT)) have played or play some role in the political arena; however, they are mere electoral vehicles for their respective party leaders than socially rooted and organized political parties with distinct party programs. Several other parties exist but are insignificant.

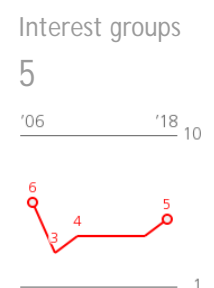
For years, the opposition was fragmented with respect to a stable ruling party and relations between the opposition parties were characterized by distrust. Several attempts to cooperate in elections failed because of distrust and the personal ambitions of party leaders. Only in 2014 the three big parties CHADEMA, the CUF, the NCCR and the virtually insignificant National League for Democracy successfully formed the Ukawa alliance in order to jointly run against the CCM in 2015.

Polarization between opposition and ruling parties has always been very high in Zanzibar. It is also increasing on the mainland, due to a mature joint opposition, which for the first time since 1995 appears to provide an alternative for ruling the country, with widely known and respected politicians. The oppressive reaction of the state apparatus against the opposition further increases polarization.

Tanzania has a long tradition of civil society organization, which dates back to the colonial past when trade unions and associations played an important role in the struggle for independence. During the one-party era, independent civic activities were suppressed and social interests were incorporated into the single party. During the 1980s crisis years, the government allowed local support groups to operate, mainly in the dilapidated health and education sectors.

In the 1990s, donor countries' practice of supporting NGOs rather than the government, led to a mushrooming of service delivery organizations. These range from small and local self-help groups to international NGOs.

Also, some politically active advocacy CSOs have emerged, albeit in a much smaller number than the number of NGOs, mainly based in the big cities. There are one to two dozen of these advocacy CSOs, which work professionally and can play a mediating role between society and the political system. They work on human and women's' rights, empowerment, health, education, democratization, gender, the



environment, land, media and other issues. The big CSOs usually work together and form alliances to advocate for specific topics of common interest. Their claim to represent the interest of the poor majority is, however, questionable due to their strong urban and elitist base and their high dependency on external donor funding.

There are several unions and professional associations. Most of them, however, lack professional structures and funds. They nevertheless have some bargaining power to improve the situation of their respective groups, especially if they work in a strategically important sector (e.g., transport).

Faith-based organizations (FBOs) and religious leaders enjoy a high degree of legitimacy and play an important role in mediating between society and the state. Unlike most CSOs, unions and professional associations, faith-based organizations are also present in rural areas.

Service delivery NGOs, advocacy CSOs, FBOs and religious leaders, unions and professional associations do not embrace ethnic or regionalist sentiments; they see themselves as pro-democracy and, in practice, they play a probably less significant but constructive role. Since religious affiliation constitutes a major source of identity in Tanzania, FBOs and religious leaders play an important role in mobilizing people and mediating among different interests. In general, FBOs and religious leaders contribute to peace and social cohesion through – among other things – interfaith dialog and cooperation. Through propagating conservative values and defending conservative and even undemocratic structures, they can sometimes block democratization. Furthermore, conflicts between and within the various religious groups and denominations pose a threat to peace and stability.

National and international business interest groups, linking the extraction of natural resources, the manufacturing industry, trade and services (telecommunications, tourism), are growing in Tanzania. They are often also perceived as one of the causes for growing corruption, as they usually maintain close links to the ruling party and the government. The extraction industry (gold, diamonds, coal, gas and oil, and, since

2012, also uranium) is of concern. The government has shown itself incapable of implementing self-established safeguards protecting the population and ecosystem as a result of a lack of financial, technical and human resources. This has led to serious human rights violations, land grabbing and damage to the natural environment.

According to Afrobarometer surveys from August-November 2014, approval for democracy is fairly high in Tanzania. Of those surveyed 89% reject presidential dictatorship, 86% reject military rule, 74% of the respondents reject one-party rule and 57% prefer democracy to any other kind of government. According to Afrobarometer, demand for democracy is relatively low at 42%, slightly below the African average and lower than in previous years (52% in 2011-2013). The relatively

Approval of
democracy

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low demand for democracy can be explained by the public's unsatisfied expectations that multiparty democracy would improve living conditions for the majority.

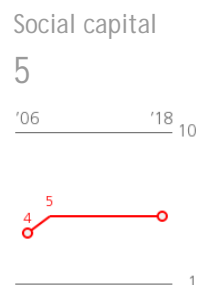
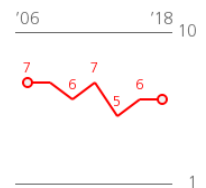
Several surveys by the empowerment NGO, Twaweza, support these mixed findings. In an August 2016 survey, 95% of respondents said that citizens should be free to criticize the government, whereas only 69% said democracy was their preferred form of government and 85% were of the opinion that Tanzania needed many political parties to offer citizens choices.

The assumption of the prevalence of an instrumental understanding of democracy is supported by Twaweza's finding that 80% wanted the opposition to accept defeat after elections and help the government to develop the country. About 50% said that political rallies outside of campaign periods were a distraction to the government and the public and inhibited development. Less than 50% thought that opposition parties should be allowed to hold rallies whenever they want, and 60% supported the current ban on political rallies.

Results of several surveys yield the conclusion that Tanzanians prefer to choose their political leaders. There is a strong degree of dissatisfaction with the performance of politicians and their institutions – but not with the political system, its procedures and institutions as such.

For the majority of the rural population, most of whom are farm laborers, close informal networks of extended families still provide the social capital to manage everyday life and to balance challenges that emerge from economic, social and natural disasters. According to a 2012 Afrobarometer survey, general social trust was not particularly high a few years ago: 88% claimed that one must be very careful in dealing with people in general. Yet, according to a recent survey by Twaweza (September 2014), community trust is high with 98% saying that their community would pull together following an unfortunate event. Families are the most trusted network (when compared to neighbors and acquaintances): 88% trust their relatives and 76% trust their neighbors.

People organize themselves informally rather than relying on public or formal organizations or to improve their situation. 72% of those interviewed by Twaweza (2014) were involved in a community organization, such as a religious group or a saving and loan group. Political self-organizing has been rather limited to urban-based groupings. This isolation makes them vulnerable to state accusations that they lack national authenticity, which deprives them of legitimacy in the eyes of the society they purport to serve. Therefore, civil society groups are politically weak but have been able to consolidate themselves, and, given the past weakness of the political opposition, they have a certain importance in public life. Most NGOs depend financially and politically (for protection) on international supporters. Christian churches and church-related organizations, together with the Muslim Council, play a relatively prominent role in this respect, although militant representatives of religious



organizations have contributed to mounting distrust and tensions between religious communities and are directly responsible for violent clashes.

II. Economic Transformation

6 | Level of Socioeconomic Development

Although Tanzania has made considerable improvements in its Human Development Index results (moving from a score of 0.353 in 1990 to 0.531 in 2015), it continues to rank among the countries with the lowest human development, placing 151st out of 188 countries assessed by the 2015 HDI.

Social exclusion is extensive and structurally ingrained. There is a strong divide between urban and rural areas. According to the 2015 Tanzania Mainland Poverty Assessment Report, extreme poverty is less rampant in urban areas. Similarly, access to health care, education, water, sanitation and information is better in urban areas. The majority of the population is, however, in rural areas, living off of subsistence farming. According to the World Bank, in 2011, 76% of the population was living on less than \$3.10 a day. Despite sound economic growth, the number of people living in extreme poverty – as defined by the World Bank as living on less than \$1.90 a day – increased from 17 million in 1990 to 22 million in 2013, mainly on account of population growth. At an increasing rate, the gap between the very few rich and the many very poor is widening, despite comparatively low income disparities, indicated by a Gini coefficient of 0.3786 (2011). Tanzanian women live in relative deprivation. The country has developed slowly according to the Gender Inequality Index, from 0.592 (2005) to 0.544 (2015). On the Gender Inequality Index, Tanzania ranks 129th of 159 countries (UNDP 2016). The female labor force as a percentage of the total is about 50.1% (World Bank 2016). The ratio of female to male enrollment is 1.0 for primary, 0.9 for secondary and 0.5 for tertiary education (World Bank 2016). The gross enrollment ratio in general is at 86.8% for primary, 32.3% for secondary and 3.6% for tertiary education. The adult literacy rate among the total population is 94.0%: 95.4% among men and 92.6% among women (World Bank 2016).

Question

Score

Socioeconomic
barriers

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Economic indicators		2013	2014	2015	2016
GDP	\$ M	44333.5	48197.2	45628.2	47431.0
GDP growth	%	7.3	7.0	7.0	7.0
Inflation (CPI)	%	7.9	6.1	5.6	-
Unemployment	%	2.9	2.1	2.4	2.6
Foreign direct investment	% of GDP	4.7	4.2	4.3	2.9
Export growth	%	0.6	17.7	23.0	5.2
Import growth	%	11.0	2.9	-2.1	1.0
Current account balance	\$ M	-4988.0	-5017.5	-3312.3	-
Public debt	% of GDP	30.9	33.8	36.7	37.2
External debt	\$ M	13141.0	14352.5	15504.7	16474.5
Total debt service	\$ M	154.4	238.6	320.4	509.9
Net lending/borrowing	% of GDP	-1.3	-2.9	-1.1	-0.7
Tax revenue	% of GDP	11.0	11.8	10.9	11.9
Government consumption	% of GDP	16.3	13.8	13.7	12.7
Public education spending	% of GDP	-	3.5	-	-
Public health spending	% of GDP	2.6	2.6	-	-
R&D expenditure	% of GDP	0.5	-	-	-
Military expenditure	% of GDP	1.0	1.1	1.1	1.1

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Tanzania is the second largest economy in the East African Community (EAC), following Kenya. Agriculture accounts for 25% of GDP, 50% to 80% of the employed workforce and 85% of exports. Industry accounts for 25% of GDP and services for about 50%. The fundamentals for domestic and foreign market competition are installed, but within a weak institutional framework. Although the majority of state-owned enterprises were privatized, the government still controls pricing in the agriculture sector, telecommunications, banking, energy and transport. International investment has concentrated on mining, services (telecommunications, finance and tourism) and construction. Labor regulations are not efficient and the

Market-based competition

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informal sector contributes a significant, but difficult to quantify, share of economic activity.

The Magufuli government's spontaneous and sometimes erratic interventions into economic regulations created a widely felt atmosphere of uncertainty, raised doubts about the government's commitment to market principles and demonstrated the weakness of the institutional economic framework.

The prevention of economic monopolies and cartels is regulated under the 2003 Fair Competition Act (FCA), with the aim of promoting and protecting effective competition in trade and commerce and protecting consumers from unfair and misleading market conduct.

The FCA established a Fair Competition Commission (FCC), which has the powers to investigate and to impose sanctions, and a Fair Competition Tribunal (FCT) as the authority to appeal against FCC decisions.

The FCA also applies to the state and its agents, when they are engaged in commercial activity. The commission has, however, no mandate to deal with competition matters in the four strategic sectors of energy and water, transport, civil aviation and communications, where specific regulatory authorities exist.

Enforcement of an effective antitrust policy is limited, due to shortcomings in the legal framework as well as problems concerning the FCC, such as insufficient training of staff and a lack of financial resources.

Since market liberalization and privatization of the former socialist economy began in 1986, with its first structural adjustment program coordinated with the IMF, trade has been continuously liberalized mainly within the context of the East African Community.

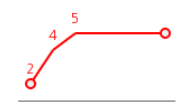
As an active member of the WTO since 1995, Tanzania aligns with positions of the group of least-developed countries (LDC) in the African, Caribbean and Pacific Group of States (ACP) members. As a founding member of the East African Community (EAC) the country is undertaking trade liberalization within this customs union and applies the EAC Common External Tariff (CET). Regional trade flows have increased significantly from \$2.24 billion in 2005 to \$5.65 billion in 2013, Tanzania's share in EAC trade being 27% with a trade surplus of \$723 million (Kenya is the country's main trading partner).

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

Anti-monopoly policy

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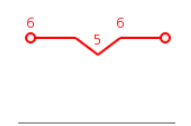
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Liberalization of foreign trade

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members are granted preferences in trade with the EU under the Economic Partnership Agreement (EPA). In 2016, Tanzania rejected the signing of a comprehensive EPA. There were doubts as to whether Tanzania would benefit from an EPA and uncertainties about the unclear post-Brexit relationship between the UK (Tanzania's most important trading partner in the EU) and the EU. Tanzania concluded bilateral treaties for the promotion and protection of foreign direct investment with a number of EU members. All in all, Tanzania's biggest trading partners are the EU, India and China. Tanzania experienced continuous trade deficits, mainly due to a high domestic demand in capital goods, a lack of domestic consumer goods and the low value of export goods. The EAC signed a Trade and Investment Framework Agreement (TIFA) with the United States in 2008.

The banking system in Tanzania is quite differentiated. As of 2015, 57 banks were registered, ranging from small community banks to state-owned banks and to branches of international banks. In recent years market concentration has declined, but is still dominated by two banks (CRDB and NMB) with a market share of about 35% to 40%. The sector is controlled by the national bank, the Bank of Tanzania. International banking standards are mostly met. The system is well capitalized and reasonably profitable, but the high number of banks in a relatively small banking sector raises doubts about the profitability of some banks. The non-performing loans ratio increased from 6.6% (2014) to 8.6% (2015), according to the World Bank.

Mobile money transactions, provided by telecommunication companies, have significantly expanded and thus improved access to financial services. According to the IMF, monthly transaction increased from TSh 452 billion in July 2011 to TSh 4.7 trillion in December 2015.

Since mid-2014, the country has experienced rapid private sector credit growth of more than 20% on a nominal basis, mainly owed to loans to the trade sector, personal loans, services and manufacturing.

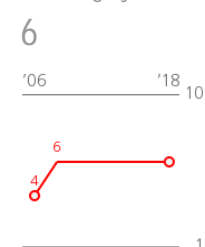
Non-bank financial markets are relatively small.

8 | Currency and Price Stability

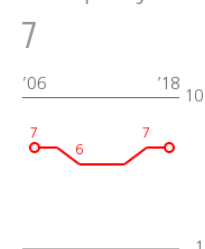
Controlling inflation and an appropriate foreign exchange rate are recognized goals. Since 2001, the annual inflation rate averages between 5% and 8%, with the exception of 2007 to 2011, when inflation rates went up to 10% to 15%.

Currency policy has had mixed results. Because of a persistent foreign trade deficit and variable international transfers (such as in the form of development aid), the TSh has fallen steadily since 2006 relative to the U.S. dollar.

Banking system



Anti-inflation / forex policy



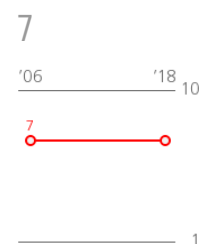
Over the past two decades Tanzania has achieved macroeconomic stability as a result of market-oriented reforms, prudent macroeconomic policies and strict discipline in its fiscal policy.

In 2006, Tanzania's PRGF expired, and since the country no longer needed IMF financial assistance, it was replaced by a Policy Support Instrument (PSI) which gained a favorable review by IMF missions in 2007, 2010, 2013 and 2016. The IMF, however, demands further reforms.

The new government has implemented drastic measures to reduce unnecessary government expenditure, waste of public funds and tax evasion. At the same time, abrupt tax increases and erratic regulatory changes may increase uncertainty and have a negative effect on the business climate.

The fiscal deficit averages between 3.0% and 4.5% of GDP. Moderate public debt continuously increased from 21.6% of GDP (2007) to 36.5% in 2015.

Macrostability



9 | Private Property

The 1977 constitution guarantees the right to own property. The Land Act of 1999 defines and regulates acquisition, benefits, use and sale of land. Under the Land Act, all land is owned by the president as a trustee for the citizens. Tanzanians can acquire the right to occupancy for a maximum of 99 years. Occupation of land by non-citizens is prohibited, unless for investment purposes under the Investment Act of 1997. Various laws recognize and protect property rights.

Although land property rights are regulated, numerous conflicts over land occur, due to a lack of title deeds, non-formalized transfers of land, unclear ownership status, corruption and unfair application of the law.

The state is not allowed to confiscate land without paying fair and adequate compensation to the occupant. There have, however, been several cases of authorities confiscating land on grounds of the general good, without paying any or only inadequate compensation.

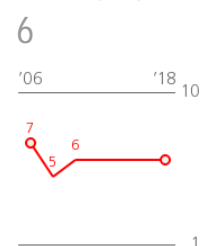
A new policy to seize undeveloped land larger than 20 hectares from investors and give it to local farmers is likely to increase uncertainty among investors.

In principle private companies are permitted and protected. However, the procedures and processes around company registration are very bureaucratic.

In the World Bank's 2017 Doing Business Report, Tanzania ranks 132nd out of 190 countries; almost the same as in 2015 (131st/189).

Although the government's industrialization agenda treats the private sector as a driving force, the new administration has sent inconsistent signals to the business

Property rights



Private enterprise

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community with abrupt policy changes, bans on certain imports or exports, short-term modifications in the tax regime and termination of agreements.

A comprehensive program for privatizing state enterprises began in the 1990s and private business has become more and more important since then. After a very slow start, the pace increased so that by 2014, around 80% of some 400 state enterprises were privatized. Privatization has not always followed market principles but has rather been rife with corrupt practices. Breweries, the tobacco industry, cement and banks can be seen as success stories of privatization. However, the privatization of large infrastructure operators – such as of telecommunications, electricity services, airspace, railways and port authorities – has stopped or is incomplete. However, in some sectors, such as telecommunications and electricity, state and private or community-based enterprises coexist. In 2006, the government repurchased 49% of the privatized shares of Tanzania Airways. The privatization of the Tanzania Railways Corporation (2007) to a state-run Indian investor (Rites) failed in 2010.

10 | Welfare Regime

The most important social safety net in Tanzania is the extended family network.

There are private and governmental social security schemes such as health insurance and pension funds. These – formal sector – social security nets are neither affordable nor attainable for the poor majority, which depends on informal networks to compensate for social risk. Since the majority is poor, these informal networks among the poor can only provide the most basic services.

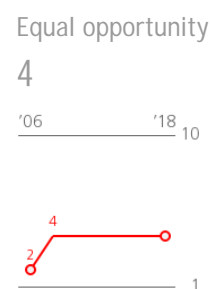
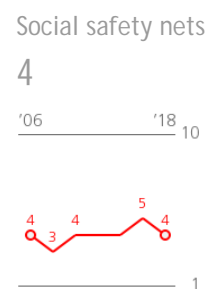
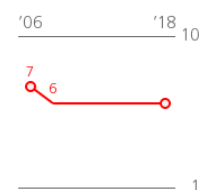
Beyond this, the formal security net provides insufficient welfare; pensions are very low and most government hospitals can barely offer the essential services.

The public health system is subsidized by the government, but apart from very few national hospitals, poorly equipped.

Non-citizens can access the social security net, if they work in a formal sector company.

Tanzania's constitution prohibits discrimination based on gender, color, place of origin, political opinion, religion, nationality, tribe or station in life. Anti-discriminatory legislation is in place, has yet to be adjusted to support this constitutional principle, for instance, in cases of access to land, as well as inheritance and marriage, where discrimination against women occurs.

Constitutional principles are also contradicted by customary laws, which are usually applied in rural areas and deny women equal opportunities in certain instances, (i.e., rights to inheritance).



Despite some government programs to support persons with disabilities, they do not enjoy equal opportunities in terms of access to education and employment or a barrier-free environment.

Cultural norms, poverty and the scarcity of supporting institutions outside urban areas are the main factors that in many respects impede equal opportunity.

Whereas gender parity is achieved for enrollment in primary schools, the ratio of female to male enrollment is 0.9 at the secondary and 0.5 at the tertiary education level.

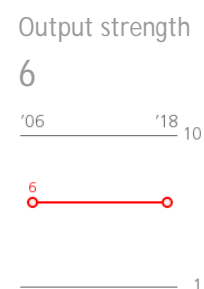
According to UNICEF (2016), completion rates of primary, secondary and upper secondary education depend heavily on place of residence and economic background, with students from urban and wealthier backgrounds more likely to complete their education than children from poor and rural settings.

11 | Economic Performance

Since the early 2000s, Tanzania's GDP showed a remarkable growth rate of between 6-7%, albeit still on a relatively low level, with GDP per capita based on purchasing power parity (PPP) of \$2,673 in 2015 (\$1,635 in 2005). Tanzania remains at the top of the fastest growing and most consistently performing economies in Africa, although it is still characterized by a very low level of material wealth for the vast majority of the population, with about one-third living below the poverty line. Steady growth rates of 8-10% are considered necessary to make a substantial difference in alleviating the country's deeply ingrained poverty.

Most macroeconomic indicators are quite satisfactory. The structural trade deficit was brought down to \$3 billion in 2016 from \$5.6 billion in 2014. The current account deficit was reduced from about \$5 billion to \$2 billion in the same period. Foreign direct investment remains relatively low at 4.3% of GDP in 2015. Foreign investors are mainly attracted by the extractive industries, infrastructure projects, construction, telecommunications and tourism. Public debt is increasing from – according to World Bank data – 21.6% of GDP in 2007 after the 2006 debt cancellation under the HIPC initiative to 37.5% in 2015/16. The 2016 IMF Debt Sustainability Analysis indicated that Tanzania's risk of debt distress is low, implying that the country's debt is quite sustainable.

Economic growth – mainly driven by capital-intensive sectors like finance, transport and communications – and macroeconomic stability have not yet translated into the reduction of poverty and the creation of jobs, and youth unemployment is very high. Almost half of Tanzania's population is under 15 years of age. Although it is generally assumed that a majority of the population is essentially involved in the informal sector or in subsistence farming, it will be a major challenge for the



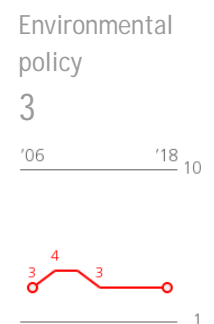
government and the market to create jobs for the approximately 900,000 people entering the labor market every year. The fast-growing cities, especially Dar es Salaam, have to cope with the highest pressure, as most youth are seeking work in Tanzania's main metropolitan area.

The country's economic backbone, the agricultural sector, performs only insufficiently, compared to its potential. It employs about 80% of the workforce, but contributes only about 25% to the GDP. The sector is dominated by subsistence production by peasants who depend on the most simple technologies and favorable weather conditions.

12 | Sustainability

The effects of environmental degradation and climate change are clearly visible in Tanzania. Diverse factors are at play: mining and the extraction of oil and gas, growing infrastructure, less rainfall and a rise in temperatures within sweet water reservoirs (e.g., Lake Victoria; directly implying less water for human use), a reduction in agricultural and fishery productivity, the loss of economic traditions (such as the Maasai community's keeping of cattle), and the spread of malaria. Compounding these factors, the government has failed to promote viable energy alternatives to charcoal and wood. Since 2005, the government has allowed uranium extraction, including in protected areas such as the Selous Game Reserve; yet there are no measures for coping with the self-imposed safety regulations or assessing the impacts for human life and the environment.

Environmental awareness is minimal within Tanzania's political elite and the broader population. The National Environment Management Council (NEMC), located under the vice-president's office, exists since 1983 (it was re-established in 2004) and plays the role of environmental watchdog – supervising national environmental legislation and taking legal action against institutions or companies infringing the law. The government adopted a National Environmental Policy only in 1997, which was translated into the Environmental Management Act passed by parliament in 2004. It also became part of the National Strategy for Growth and Reduction of Poverty (NSGRP) of 2005. The policy and the act were both donor-driven; yet, little is known about the implementation of the regulations. Furthermore, Tanzania has ratified several multilateral environmental agreements. Facing a dramatic loss of natural forest, which covers between 30% and 40% of the nation's territory, as a result of degradation and deforestation, Tanzania passed a National Strategy and Action Plan on REDD+ in 2013.



According to the World Bank's World Development Indicators 2016, the primary education enrollment rate is at 86.8%, the enrollment rate for secondary education is at 32.2% and the rate for tertiary education at 3.6%. The ratio of female to male enrollment is 103.2% (primary), 87.5% (secondary) and 54.7% (tertiary).

School fees were abolished in primary schools in 2001, and in 2016 the Magufuli administration abolished fees for secondary schools; the likely increase in enrollment is not yet reflected in the above 2016 data. Several other financial contributions, for tuition, books, uniforms, food, transport and so on, remain a burden to poor families and are a common cause for school dropout. Even though the government provided the necessary financial means, secondary schools were not prepared for the influx of the new students, which further reinforced the already precarious shortage of classrooms, furniture and qualified teachers.

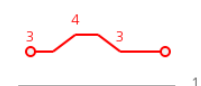
The country's principal education challenges are low enrollment rates for secondary and tertiary education and the very poor quality of education, caused by several factors, such as poor learning and teaching environments, shortages of teaching and learning materials, overcrowded classrooms, overburdened students and teachers, poorly trained teachers, precarious living conditions for teachers and (female) students, especially in remote rural areas, and widespread poverty. The student-teacher ratio is 49 to 1 on average, not reflecting major regional differences.

The number of universities and other higher learning institutions has drastically increased, bringing the total number to about 30 public and private universities. With very few exceptions, the quality of teaching and research is far below international standard. The government investment in R&D is very low (0.4% of GDP in 2010), according to the World Bank.

Education policy /
R&D

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Governance

I. Level of Difficulty

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

The country has an insufficient modern physical infrastructure, which is stressed by heavy use, meaning that renewed investment in road construction is necessary every few years.

Several major infrastructure projects are underway to improve ports, airports, railways, roads and energy generation and distribution.

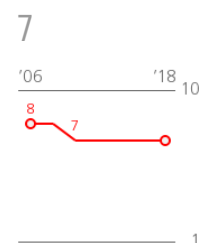
Despite fundamental structural difficulties, the government is pursuing its transformation strategy, with increasing consistency, in tight coordination with the international donor community and the East African Community. In the economic arena, the government achieved a measure of stability through (still inadequate) political reforms aimed at becoming a middle-income country by 2025.

Under the single-party system, public and civic engagement were monopolized by the ruling party. During the economic crisis of the 1980s, local support groups emerged and were tolerated by the government. The political liberalization of the 1990s saw the mushrooming of all sorts of non-governmental organizations.

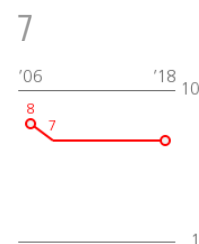
The vast majority of these organizations tends to support their members and refrain from political or civic engagement.

The small number of professionally working CSOs, mainly in the big cities, is highly dependent on foreign funding and lack social roots. They also have to negotiate between complete opposition to the government and constructive cooperation with the authorities.

Structural constraints



Civil society traditions



According to a 2016 survey by the empowerment NGO Twaweza, 29% of the respondents stated that they would participate in a public demonstration on “an issue that does not please them.” About half of those who would not participate explained their hesitation as due to fear of violence.

Conflict intensity is relatively low. Violence as a means of political conflict is strongly rejected by the population, as well as by the political elite.

Violent conflicts have, however, increased, mainly due to the introduction of competition in economic and political spheres, as a result of growing income disparities, and the combined effects of growing population numbers and increasing arable land degradation.

The various Zanzibar conflicts – the intertwined conflicts between Zanzibar and the mainland, between the two main islands and between the authoritarian government and the marginalized opposition – constitute the most serious challenge to peaceful development. The authorities’ handling of the 2015 elections has not contributed to a reduction in tensions.

The growing strength of the opposition on the mainland and the government’s authoritarian reaction to this also increase the risks of violent conflict.

Social exclusion is a major source of eruptions of violence. The countless unemployed young men who lack good perspectives are easy targets for radicals, who are able to mobilize them for violent action against any other group.

Another indirectly related problem is religious tensions between Muslims and Christians, which flare up from time to time. Although the general population lives peacefully in an intercultural context, there are radical groups which facilitate Islamic militants engaging in violent acts in Zanzibar and mainland Tanzania. Distrust between different faith-based groups, but also within the two major groups of Christians and Muslims, is increasing, but is generally peacefully managed.

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

Conflict intensity

5

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II. Governance Performance

14 | Steering Capability

The government has developed several development plans in close cooperation with the donor community and partly in consultation with representatives from CSOs, research and higher education institutions, the private sector, vulnerable groups and others.

The main initiative is the Tanzania Development Vision 2025 (TDV 2025) of 1999, which sets the target of becoming a semi-industrialized, middle-income country by 2025. The Long-Term Perspective Plan (2011/12-2024/25) (LTPP) includes the Roadmap to a Middle-Income Country and provides the framework for the implementation of the TDV 2025. Three consecutive Five-Year Development Plans (FYDPs) set priorities and operationalize LTPP implementation. The FYDPs are operationalized by annual development plans.

The Poverty Reduction Strategy Papers, known under the Swahili acronyms MKUKUTA and MKUZA, also aimed at implementing the TDV 2025. MKUKUTA I (2005/06-2009/10) and MKUKUTA II (2010/11-2014/15) were developed and monitored with a remarkable level of civil society participation.

Several sector reform programs provide further tools for implementing the TDV 2025. In 2013 the Big Results Now Initiative was launched to bring fast and visible results to six priority areas. Tanzania was active in designing programs to implement the MDGs and Sustainable Development Goals (SDGs). The process for developing the country's SDG agenda started in 2012, again involving various sectors of society.

Numerous development plans have been created; it has been, however, unclear, as to how much they were linked to each other in practical terms. It therefore was questionable, whether they allowed for the necessary prioritization of goals and measures. The government has, however, reacted to this challenge by integrating the two frameworks of FYDP and MKUKUTA, as well as the SDGs, into one framework, that of the FYDP.

However, populist decisions by leading government representatives may endanger the implementation of these long-term goals.

Question
Score

Prioritization

5

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1

The government has proven able to realize most of its macroeconomic objectives. Although annual GDP growth lags behind the envisaged 8% rate, Tanzania will most likely achieve the status of a middle-income country by 2025.

Most of the MDGs were not met. This applies particularly to MDG 1, the eradication of extreme poverty and hunger. The outcomes of the Big Results Now Initiative were disappointing.

About ten years after the TDV 2025 was formulated, studies assessed that the country was not on track to reaching its goals. As a result, the LTPP and the first FYDP were developed, as instruments to implement the vision of the TDV 2025. However, according to an implementation report from February 2016, barely half of the measures in the first FYDP had been implemented.

The serious implementation deficits are due to several factors: concessions toward influential players (entrepreneurs, members of the ruling party, others); an underpaid and unmotivated administration, particularly at the lower levels; a huge gap in knowledge and competences between higher and lower administrative levels; frequently changing personnel in the administration; a top-down approach culture of administration; unclear responsibility for specific tasks; insufficient funds for implementation; as well as corruption, theft, nepotism embezzlement, negligence and impunity. The new government is working hard to tackle these obstacles to successful implementation of development programs.

Political leaders in general exhibit policy learning and have replaced failed policies with innovative ones, often without significant impacts. While cooperation with the international donor community appears decisive for policy enhancement and innovation as well as the introduction of new instruments for planning, executing, monitoring and evaluating development measures, exchange with national/international academia and civil society is still relatively low.

The effects of the several development plans are regularly monitored, frequently involving academia, civil society and representatives of target groups. “Lessons learned” are frequently described in evaluation reports and the conclusions used in the formulation of subsequent papers. The main problem, however, remains deficient implementation.

15 | Resource Efficiency

The government does not make efficient use of its available human, organizational and financial resources for its national development process. It still allows the considerable waste of limited public goods, and often lacks sufficiently qualified personnel to effectively utilize economic and political assets. According to estimates

Implementation

6

'06 '18 10



1

Policy learning

6

'06 '18 10



1

Efficient use of assets

4

by the Controller and Auditor General (CAG), at least 20% of the national budget was lost to mismanagement and corruption under the previous administration.

In its drive to stop theft, embezzlement and the waste of public funds, the new government has introduced strict measures to reduce expenses and has in this way made funds available for development purposes. Also combating corruption has gained momentum with the new government.

The new government has promised to use its resources more efficiently. Its first rigorous steps in this direction seem to make this clear. It is, however, not clear whether structural causes of inefficiency will be tackled, and whether spontaneous political decisions will thwart the efficient use of resources.

Despite – or because of? – several reform programs to increase the administration’s competence, efficiency and transparency, the administration is generally not making efficient use of its financial, human and organizational resources, particularly at the regional, district and local levels.

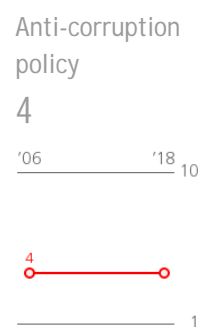
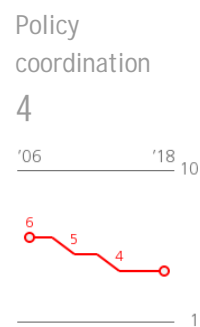
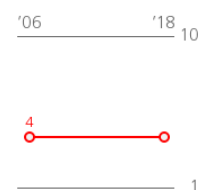
Generally, the government has structures and mechanisms in place to coordinate policies and conflicting objectives. The designing of policies usually involves the ministries and departments concerned, at least at the top level of government. There is also some policy coordination between the national and the regional, district and local levels, which is, however, frequently inefficient and undermined by self-interest.

The new administration has shown a tendency to make spontaneous decisions. At least some of these decisions were obviously hardly reflected upon and had counterproductive effects on the government’s long-term objectives.

Corruption is structurally ingrained among the political and economic elite stemming from the one-party era, but also at the lower levels of the administration and public service, in the private sector, media, civil society, faith-based organizations and the general public.

Formally, legislation is clear on how to combat corruption. The Prevention and Combat of Corruption Bureau (PCCB), established in 2007, is in a position to fight corruption, yet is “politically” constrained. According to the former director, the PCCB received orders from the government to stop investigating in certain cases. To make the situation even more difficult, the PCCB has no legal power to prosecute offenders.

According to its own statistics, the PCCB, with 24 regional offices and an office in every district on the mainland, receives 5,000 to 8,000 corruption allegations annually. However, only very few cases have resulted in criminal convictions.



Immediately after assuming office, the new president, John Pombe Magufuli, started to implement his anti-corruption agenda. More than 300 officials, including the heads of several important state authorities, were sacked or transferred due to allegations of corruption, theft, incompetence or a poor work ethic. More than 500 cases have been brought to court.

The long-term impacts of these measures on the deeply ingrained culture of corruption are still unclear. It is also unclear how the many benefactors of corruption – many of whom are high-ranking, influential members of Magufuli’s party, the CCM – will react to the president’s anti-corruption drive.

16 | Consensus-Building

All major actors agree in principle on consolidating multiparty democracy in Tanzania. Particularly civil society actors have demonstrated their commitment to various aspects of democracy and the rule of law.

Political parties, however, seem to understand democracy as an instrument for gaining or maintaining political power, rather than as a value in itself.

The ruling party, the CCM, in particular has used its dominant position in the political system to undermine democratic values and procedures. The state organs, which are deeply interwoven with the party that has been ruling the country since independence, have banned or violently dispersed opposition rallies and meetings, harassed and arrested opposition party members and leaders and restricted press freedom and the right to information.

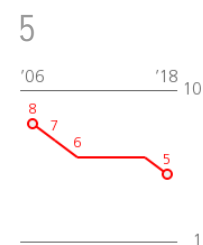
The CCM’s commitment to democracy is particularly low in Zanzibar, where a strong opposition movement challenges the CCM’s claim to power. Most if not all Zanzibar elections since the re-introduction of the multiparty system were manipulated. The latest elections in 2015 were annulled by the Zanzibar Election Commission chairman on dubious grounds. Apart from elections, all other dimensions of democracy are seriously restrained under the authoritarian Zanzibar regime.

Whereas the previous government of President Kikwete allowed considerable democratic freedoms on the mainland, the new administration obviously favors a more authoritarian style, which resembles the developmental dictatorship model.

But opposition parties likewise have indicated that they have a limited commitment to democracy, especially when it comes to internal procedures for filling leadership positions or handling inner-party conflicts.

A small, new opposition party, the ACT, and its prominent leader Zitto Kabwe, demand a more socialist orientation of the economy and reject the neoliberal model.

Consensus on goals



Also within the – former socialist – ruling party, the CCM, there is a small and insignificant faction which favors a socialist-based economy.

At the same time, a free, but regulated market economy poses a threat to many influential actors, politicians and entrepreneurs, who benefit from the current semi-free system of informal agreements, clientelism, corruption and the lack of transparency.

The political leadership has been able to pursue its reform agenda, albeit with concessions to anti-reform forces, mainly from within the ruling party. Several recent instances have, however, indicated the challenges that reformers face in controlling anti-democratic actors.

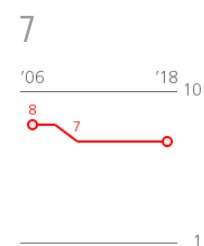
The ambitious constitutional review process, which was initiated by then-President and CCM Chairman Jakaya Kikwete, was finally blocked by the CCM. After the CCM's initial attempt to control the entire process had failed, a participatory approach was chosen. A presidential commission, with a well-balanced composition, conducted almost 2,000 hearings across the country and collected opinions from about 1.4 million people. More than 160 organized groups, NGOs, political parties, government and non-government institutions filed proposals for a revised constitution to the commission. The commission, which was headed by a former CCM prime minister and judge, summarized the many contributions into a draft for a new constitution – which was widely supported by CSOs, the media, academics and the opposition parties. The CCM, however, rejected the draft using its majority in the constituent assembly and blocked the process, which has been stalled since.

A second example is the handling of the 2015 elections in Zanzibar. The Zanzibar Electoral Commission's chairman stopped the vote counting and immediately annulled the elections, citing alleged irregularities on Pemba Island. Despite protests inter alia by national and international observer groups, he never provided evidence of his claims. The new election was boycotted by most of the opposition parties and resulted in a unanimous CCM victory. Although most of Tanzania's international partners disapproved of the entire affair and called for an amicable and democratic solution, neither the CCM in Zanzibar nor the main party nor the newly elected strongman Magufuli became involved in trying to restore democracy.

Moderating conflict and integrating different interests have long been characteristics of politics in Tanzania – sometimes at the expense of more emphasized reform policies. Increasing threats to the ruling party's dominant position have significantly limited the leadership's willingness to moderate conflict.

Whereas the Zanzibar Government of National Unity (2010-2015) had reduced the tensions between the two parties and their supporters, the political leadership allowed the situation to escalate again after the 2015 vote.

Anti-democratic actors



Cleavage / conflict management

6

Almost the same situation applies to the handling of the constitutional review process, which – after a phase of cooperation – turned into a deadlock and further increased conflict between the CCM and the opposition, which has been perpetuated to the 2015 elections and beyond.

In both – and several other – cases, the country’s political leadership had opportunities to prevent conflicts from escalating, but made no use of them.

In the past decade, under Kikwete’s presidency, the political space for civil society participation has grown. CSOs were increasingly accepted by the political leadership as important and legitimate contributors to the country’s development. They were able to initiate new legislation, consulted by parliament and involved in the formulation of new laws or policies. This, however, only applied to some of those CSOs professionally working Dar es Salaam. In several other cases, however (i.e., the formulation of media laws), CSOs demands for participation were ignored.

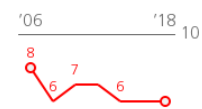
The new leadership has displayed a rather negative attitude toward CSOs’ participation in the political process.

In the conventional sense, Tanzania does not have a history of acts of injustice resulting in victims and perpetrators pushing the political leadership to bring about reconciliation.

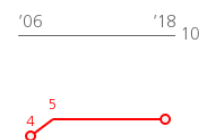
The historical disparity in educational opportunities between the Muslim and Christian communities has not reached crisis proportions, though it has been an ongoing concern. The government, however, addressed this issue through a secular public education system. Many private schools, which in general provide better education and hence better job prospects than public schools, are faith-based (mainly Christian) institutions. Although most of the Christian schools are also open to non-Christian students, many Muslims hesitate to send their kids to them. This reinforces the historical disparity.

The situation is different in Zanzibar. Memories of the so-called 1964 Revolution, in which the government was toppled, between 5,000 and 15,000 people killed, thousands exiled and expropriated, have up to now been manipulated by the victorious party – which has continuously been in power since then. There have been no attempts to reconcile the various victims, or to allow an interpretation of these events that differs from the official narrative. Furthermore, mainly around elections, the ruling party manipulates history to agitate against the main opposition party, the CUF, which it accuses of plans for re-introducing the pre-revolutionary order.

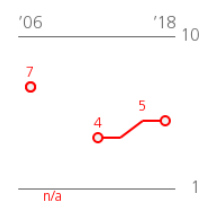
There have also been no efforts to reconcile various post-revolution injustices, such as repressions during the autocratic rule of the first Zanzibar president, Abeid Karume, or more recent human rights violations against members and supporters of the opposition (such as the killings in 2001).



Civil society participation
5



Reconciliation
5



17 | International Cooperation

Key donors of ODA in Tanzania are the IMF, World Bank, the United States, Japan, AfDB and several European countries as well as the EU. The government has worked constructively with these bilateral and multilateral donors to institute Tanzania's transformation to democracy and a market economy. In this the government makes the most use of international aid and cooperation, and seems to have undergone a substantial learning process, synthesized for instance in the "Big Results Now" initiative, which was supported by the UK's Department for International Development and inspired by a Malaysian program. In 2012 a high-level government delegation, including the president, traveled to Malaysia to learn about the program.

However, because of dependency on international assistance, the government has little alternative but to comply with international donor policy prescriptions.

Since the 1990s, the government has put a lot of effort in working with bilateral and international donors to win their confidence. Its international partners have a reliable and largely predictable view of the Tanzanian government. Bilateral and multilateral development partners tend to view Tanzania positively, which is why Tanzania is among the top 10 biggest ODA recipients.

During recent years, development partners have been, however, increasingly dissatisfied with the government's reluctance to fight corruption, the embezzlement of funds and inefficiency, resulting in decreasing confidence its commitment to good governance. Several times the disbursement of aid has been postponed or even withheld.

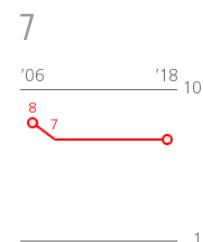
Although the new president's strong stance against corruption, waste and so on is strongly endorsed by the donor community, the Zanzibar election crisis, new restrictive laws (the Cybercrimes Act, the Statistics Act, the Media Act) and the trend toward political authoritarianism have provoked criticism.

As a respected member of different regional, continental and global organizations, the country has maintained an international reputation as a credible and reliable partner that respects international agreements and regulations, and cooperates constructively with international institutions.

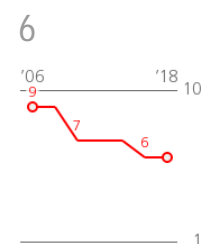
Tanzania maintains good relations with its neighbors and is an active member of various international political and economic organizations in Southern and Eastern Africa, most importantly the EAC and SADC.

Since 2013, Tanzania has found itself somewhat isolated in the EAC, due to the government's reluctance to follow Kenya's, Uganda's and Rwanda's fast pace in implementing joint projects and its hesitant stance toward accelerated integration. Furthermore, relations between then Tanzanian President Kikwete and his Rwandan

Effective use of support



Credibility



Regional cooperation

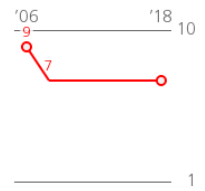
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counterpart Kagame were severely strained. President Magufuli's administration displays a much more active approach toward the EAC integration process and focuses more on business cooperation and joint infrastructure projects than on political issues. Relations with Rwanda have improved significantly.

The previously cordial relations with Kenya have somewhat cooled since the beginning of Magufuli's presidency, mainly due to competition in business and the construction of important regional infrastructure projects. However, both governments reaffirmed their commitment to further strengthening already-close ties.

Tanzania has tried to mediate in two major conflicts in the East African region (Burundi, South Sudan), albeit with very limited success.

During the period under review, there have been no developments in the simmering border dispute with Malawi.



Strategic Outlook

The new administration has demonstrated its commitment to tackling some of Tanzania's major problems. President Magufuli's rigorous fight against corruption, theft, wastage and the embezzlement of public funds, ineffectiveness and a poor work ethic in the public sector has regained trust from the western donor community. Despite being somewhat populist, his uncompromising actions had doubtlessly an overdue wake-up effect on the country's elite, and also on the entire population. To sustain these effects – which seem to be mainly built upon fear - it will be necessary to implement genuine, structural reforms. The currently applied authoritarian strategies, which concentrate responsibility in one strongman and his aides, may be effective in the short run. They, however, threaten democratic governance structures and procedures. Furthermore, some of the government's spontaneous decisions had unintended negative effects and also caused growing uncertainties among the business community. Although greater emphasis on tax discipline and a reduction in unnecessary public expenditures is desirable, the measures should not threaten the existence of the many small business enterprises. Small and medium enterprises should be supported, to increase the number of jobs, in rural areas as well. The high level of (youth) unemployment poses a latent threat not only to the country's economic, but also to its peaceful political, development.

Generally, concerning its economic policies, Tanzania is by and large on the right track. The new Five-Year Development Plan is a suitable guideline for achieving the goal of becoming a semi-industrialized, middle-income country by 2025. Greater emphasis should be put upon developing the huge, but neglected agricultural sector. Supporting small-scale farmers could be an alternative to large agro-industrial investments. The abolition of secondary school fees was important measure taken to increase the low secondary school enrollment rate. This measure was, however, implemented without properly preparing the schools, which had considerable problems in coping with the influx of new students. The remaining major challenge is to improve the quality of education – at the primary, secondary and tertiary levels – and to improve learning and teaching environments. It is not clear whether the government is ready to address this uphill task.

The fight against corruption and a poor work ethic frequently encountered among bureaucrats and the limitation of democratic space are to be understood as two sides of the same coin. During his campaign Magufuli promised to deliver results, based on hard “work and nothing else.” As much as he invited everybody to join his effort, he made clear that he would not tolerate any disturbances – neither through corruption nor through politicking. Although it is obvious that the ongoing repressions of the political opposition, civil society, media and ordinary citizens are counterproductive in the short and the long run, it will be difficult to convince the president to soften his heavy-handed stance. It should, however, be development partners' responsibility to robustly remind the government to respect human rights. The same applies to the undemocratic handling of the Zanzibar election crisis and the abandoned constitutional review process. Both issues are better treated with a dialog among competing factions, based on honest and credible

offers made to opponents, rather than with a winner mentality. This could involve an open debate of both drafts in the case of the stalled constitutional review process. A solution to the Zanzibar crisis would be much more difficult to achieve, due to the opposition's long experience with the ruling party's practice of undermining agreements that have been concluded.