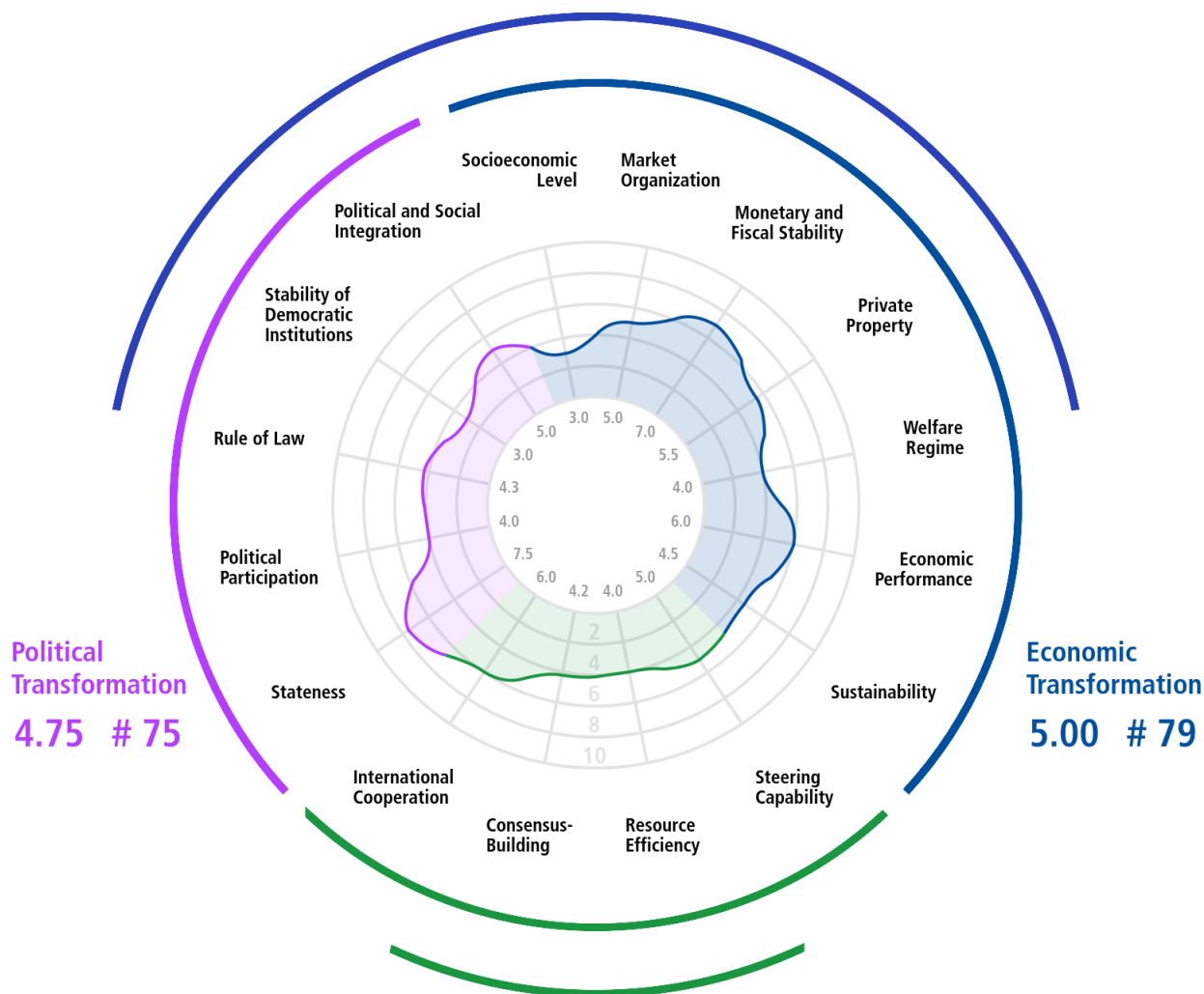


Tanzania

Status Index

4.88 # 81

on 1-10 scale out of 137



Political Transformation
4.75 # 75

Economic Transformation
5.00 # 79

Governance Index

4.43 # 84

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	59.7	HDI	0.529	GDP p.c., PPP \$	2780
Pop. growth ¹	% p.a.	2.9	HDI rank of 189	163	Gini Index	40.5
Life expectancy	years	65.5	UN Education Index	0.429	Poverty ³	% 76.8
Urban population	%	35.2	Gender inequality ²	0.556	Aid per capita \$	37.1

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. 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 further transformation toward an authoritarian political system vis-à-vis the previous review period. This started after President John Magufuli was elected in October 2015. The human rights situation continued to be precarious. As in previous years, several politicians from opposition parties, media practitioners and other civil society activists were harassed, arrested under dubious charges and experienced constant threats against their security and lives.

Further limitations on the country's already-narrow democratic space were introduced with amendments to a number of laws, which increased government control over civic sectors by giving government-appointed registrars wide-ranging discretionary powers.

Local elections (November 2019) and presidential, parliamentary and council elections (October 2020) were held under highly questionable conditions. The main opposition parties boycotted the local elections, after the authorities banned some 90% of their candidates from running. The 2020 general elections, which were conducted without any precautions against the COVID-19 pandemic, resulted in a sweeping victory for the incumbent president and the ruling party Chama Cha Mapinduzi (CCM), both at the union level and in Zanzibar, where a new Zanzibar president (Hussein Mwinyi) and the regional assembly were elected. Opposition parties claimed massive electoral fraud, and the western donor community expressed its deep concern about the conduct of the elections. However, the main opposition party in Zanzibar (ACT-Wazalendo, Alliance for Change and Transparency – Patriots) finally accepted an invitation to join the constitutionally required Government of National Unity.

When the COVID-19 pandemic reached Tanzania in March 2020, the government introduced the same protective measures that were imposed in many other countries. However, the country stopped reporting case numbers in May, after President Magufuli alleged that the national laboratory had returned false positive test results. The government removed all previously imposed

COVID-19-related restrictions. In June 2020, the president declared the country free from the coronavirus as a result of nationwide prayers which he had requested from the population. Since the new legislature outlawed any reporting on the disease and its effects in July 2020, there has been no reliable information about the real situation on the ground. The authorities used the new laws to intensify their crackdown on media and independent information. Journalists and activists were punished, media outlets fined and closed, and medical staff silenced. COVID-19-related effects on the economy were limited since a lockdown was avoided. Heavy declines in the tourism sector were offset by increased earnings from gold exports. However, the domestic economy suffered from a weakened demand, with poor households being most affected. Tanzania's unique response to the global crisis earned the country massive criticism from its neighbors, western donor countries and international health bodies.

The government made clear that it was not willing to allow the pandemic to divert it from implementing the Tanzania Development Vision 2025, which aims to transform Tanzania into a semi-industrialized, lower middle-income country, largely independent of foreign aid, by 2025. In July 2019, a first milestone was achieved, when the World Bank officially deemed Tanzania belonging to the lower middle-income category, five years ahead of schedule. The vast majority of the population nevertheless continued to live in extreme poverty, with only rudimentary access to most basic social services. The government has continued to vigorously fight persistently endemic corruption, fraud and embezzlement of public funds, as well as continuing underperformance in the public sector – albeit using sometimes-questionable approaches. President Magufuli's explicit industrialization drive focused on large infrastructure projects, mainly on improving provision of electricity, as well as roads, rail, airports and ports.

History and Characteristics of Transformation

An assessment of Tanzania's transformation trajectory has to consider the political construction of the United Republic of Tanzania (the Union) forging together the mainland (formerly Tanganyika) and semi-autonomous Zanzibar (consisting of two main islands: Pemba and Unguja). Each part of the Union has its own constitution, parliament, government and budget. Developments have unfolded quite differently in these separate entities.

On the mainland, the one-party system (introduced in 1965) peacefully gave way to a multiparty system in 1992. In Zanzibar, political transformation was marked by violent clashes and the sustained repression of the main opposition party, the Civic United Front (CUF). The Union experienced exemplary political stability after the end of the socialist Nyerere era (1985), with three presidents (Ali Hassan Mwinyi, Benjamin Mkapa and Jakaya Kikwete), each ruling for two five-year terms. Zanzibar, however, remained a predominantly authoritarian regime within the Union. Political transformation was initiated by the Union government, controlled by the sole existing Revolutionary Party (Chama Cha Mapinduzi, CCM). A presidential commission appointed in 1991 advocated introducing a multiparty system in early 1992, although over 80% of approximately 30,000 citizens polled at that time expressed support for one-party rule, while a

majority favored a greater participatory role for the public in the political system. This first phase of liberalization and democratization climaxed in 1995 when the 30-year practice of single-party elections yielded to the first multiparty elections. In the 2000 elections, the CCM nevertheless managed to win a decisive two-thirds majority. This majority was further enlarged in 2005, when the CCM secured over 80% of votes. The 2010 Zanzibar election results were contentious (as they had been in 1995, 2000 and 2005), but the eruption of violence was prevented due to a pre-election agreement between CCM and CUF to form a Government of National Unity (GNU). Since the 2010 elections, amid rapidly growing public dissatisfaction with socioeconomic conditions and the government's performance, several by-election results indicated that the main opposition party, the Party for Democracy and Progress (CHADEMA), was making noticeable gains. This trend was confirmed in the 2015 elections, which were again won by the CCM, albeit in a much closer contest than ever before.

While a separation of powers is enshrined in the constitution, in reality the executive dominates, and neither the legislature nor the judiciary are truly independent. Although Tanzania can be characterized as a relatively well-organized 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 former socialist-oriented, state-controlled economy began in 1986 with the first IMF structural adjustment program, but the process was only erratically implemented until the mid-1990s. Market reforms were pursued more consistently after 1995. Progress was then made in privatizing most state enterprises and in generally deregulating the economy. The inflation rate was reduced to single-digit figures. The latter half of the 1990s, following a long economic crisis, marked a return to relatively favorable economic growth rates. During the 2000s, the GDP growth rate consistently hovered around 6% to 7%, with Tanzania among the top economic performers in Africa. Nevertheless, reforms have fallen far short of overcoming the country's structural economic weaknesses, namely a dependence on foreign aid, mining and agriculture (much of it at subsistence level), and limited development of manufacturing industries – hence, little diversification of exports. The private sector has substantially expanded since the country's socialist past but is still hampered by an overbearing bureaucracy and state interference.

Although Tanzania's Human Development Index score has improved over the years (from 0.353 in 1990 to 0.538 in 2017), Tanzania continues to rank among the countries with the lowest human development. Tanzania's macroeconomic progress has not had a marked impact on the country's appalling level of poverty. About one third of the population lives under the poverty line and almost 70% live 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 are loyal to and controlled by the state, they face no competition from any other social or militant group. Local vigilante groups (sungusungu) are registered by the police and cooperate with them. Armed rebel groups, guerrillas and so on are nonexistent.

In October 2020, Islamic militias operating in Mozambique attacked a village in southern Tanzania, killing at least 20 people.

Isolated, locally limited violent conflicts (mainly about land issues), sporadic politically motivated assaults and a nevertheless comparatively low level of violent crime somewhat restrict the state's monopoly on the use of force.

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.

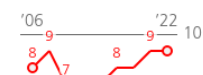
The legitimacy of the Union between the mainland and semi-autonomous Zanzibar is, however, questioned by politicians and segments of the Zanzibar population. They claim that Zanzibar is under-represented in the Union, politically and culturally marginalized, and economically exploited by the mainland. Their demands range from claims for greater autonomy to complete independence for Zanzibar.

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.

Question
Score

Monopoly on the
use of force

9



1

State identity

8



1

Tanzania is explicitly a secular state. The legal framework is derived from English common law. Laws are enacted by parliament, interpreted by courts of law and enforced by the administration. Citizens are free to seek remedies through courts of law, through religious institutions or through relevant traditional rules/institutions. Marriage, divorce and inheritance are regulated by religious, traditional or state institutions, according to citizens' choice.

Religious dogmas can influence politics since religious leaders are highly respected in society. Typically, political parties and politicians seek good relations with religious leaders and their communities. The current government has, however, threatened to deregister religious institutions for allegedly "mixing politics and religion" after several religious leaders issued concerns about recent political developments in the country. Religious dogmas also affect policymaking in so far as politicians are influenced by their respective religious beliefs (e.g., the influence of Christian fundamentalism on homosexuality and student pregnancies). In response to the coronavirus pandemic, President Magufuli called for three days of national prayers in mid-April 2020. In June, he declared the country to be free of the virus as a result of the prayers.

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

The administration generally provides the most basic services, but only the very basic ones. Only about 50% of the population have access to safe water, and 15% use improved sanitation facilities. Successive 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. Basic health care facilities exist even in the most rural areas, but they often lack essential medications and qualified staff.

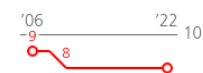
Primary courts and police exist, and are accessible throughout the country, but generally have a bad reputation among the population. Both are considered to be prone to corruption; court cases usually take an extremely long time and the police tend to overreact in difficult situations.

Several reform programs have been implemented to strengthen the administrative system and improve performance, albeit without resounding success.

Following the election in October 2015, the administration under President Magufuli has vigorously introduced measures to increase discipline in the public sector, stop the squandering and theft of public resources, and fight corruption at all levels. Significant service disruptions due to the coronavirus pandemic have not been reported.

No interference of religious dogmas

8



1

Basic administration

5



1

2 | Political Participation

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

There are about 20 registered political parties. The political landscape is, however, strongly dominated by the Revolutionary Party (Chama cha Mapinduzi, CCM), which has governed the country since independence in 1961. Two major opposition parties have emerged since the early 1990s, the Party for Democracy and Progress (Chama cha Demokrasia na Maendeleo, CHADEMA) on the mainland and the Civic United Front (CUF) that used to be particularly strong in Zanzibar. Internal leadership conflicts resulted in a split in the CUF, with the more-powerful Zanzibar faction under the leadership of the popular Secretary-General Seif Sharif Hamad defecting to the previously small opposition party, Alliance for Change and Transparency (ACT-Wazalendo), in March 2019. This move made the ACT a major player, particularly in Zanzibar, whereas the CUF's base shrank significantly.

Growing support for the opposition may have resulted in the ruling party's determination to ensure that the CCM will remain in power by any means necessary. Since President Magufuli was elected to office in 2015, the democratic process has deteriorated dramatically. By-elections were marred by violence and accusations of fraud. Politicians from opposition parties were constantly harassed, arbitrarily arrested and charged with sedition, instilling public unrest or threatening peace. Politicians, journalists and members of NGOs were abducted, assaulted and killed by unknown assailants. Several restrictive laws were passed and enacted.

In June 2016, Magufuli banned all political rallies and public demonstrations until the next elections in 2020, arguing that it was now time for society to concentrate on development and not on politicking.

In early 2019, the Political Parties Act of 1992 was amended. The amendments further narrowed the space for opposition parties, as they gave the Registrar of Political Parties (a presidential appointee) the power to deregister political parties for minor administrative offenses and to interfere in the internal affairs of political parties, including the right to suspend individual party members and prevent party members from undertaking political activities. Political parties are prohibited from acting as "a group of people that influences public opinion or government action in the interest of a particular cause." and thus deprived of the right to perform one of the fundamental functions of a political party.

Elections for Union institutions (the presidency and the parliament) and for district council elections on the mainland are administered by the National Electoral

Free and fair elections

4

'06 '22 10



Commission (NEC), whereas the Zanzibar Electoral Commission (ZEC) administers elections for the Zanzibar presidency, the Zanzibar parliament and the district councils in Zanzibar. Neither commission is independent from the government. Whereas the outcomes of elections administered by the NEC have generally reflected the voters' will, most, if not all past elections in Zanzibar have been severely manipulated.

The local elections of November 24, 2019 were boycotted by the main opposition parties, which complained about mass disqualifications of their candidates by the authorities. Thus, the CCM won about 99% of the roughly 16,000 seats.

Since President Magufuli had declared the country to be free of the coronavirus, general elections were held as scheduled on October 28, 2020, without any coronavirus-related precautions taken during campaigning and voting. The CCM and its candidates achieved overwhelming victories, with Magufuli securing 84% of the votes (up from 58% in 2015) and the CCM winning all but eight parliamentary seats. In 2015, the opposition had won 67 seats. CCM's victories, even in the opposition's stronghold constituencies and against popular opposition candidates, increased already-existing strong doubts regarding corruption. The same applied to the Zanzibar elections, where CCM candidate Hussein Mwinyi was declared winner with 76% of the vote and the CCM won all but four seats in the Zanzibar parliament, including most constituencies on Pemba Island, an absolute opposition stronghold.

Opposition parties refused to recognize the official outcome and reported gross violations of electoral standards. During the campaigns, the ruling party made use of state resources, whereas the authorities frequently restricted opposition activities during the already-short campaigning period. Numerous opposition candidates were denied registration on dubious grounds. Several supporters and candidates from opposition parties were intimidated and arrested. According to the ACT-Wazalendo and CHADEMA, the police killed at least ten of their supporters, which the police denied. The two parties also reported evidence of thousands of pre-filled ballot papers and returning officers' statements regarding results which appeared to have been decided before the vote. Other problems included restrictions on political parties' agents' access to polling stations, limited election observation and widespread blocking of social media on and after election day.

Statements from the European Union, the U.S. Embassy and the UK Minister for Africa expressed their deep concern regarding the credibility of the elections.

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. The dominance of the executive limits the (elected) legislative's power to hold the government accountable. The strongest veto group used to be the ruling party, the CCM, and its committees. Under the current presidency, governance has become even more centralized. The National Assembly and the CCM party organs have been brought under the control of the authoritarian president and have lost much of their previous powers.

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

The military has considerable influence but remains completely out of public scrutiny. It is, however, fully integrated into the political system and controlled by the state's civilian institutions.

The international donor community also constitutes an influential actor, which can act to limit the governments' agency to function. The diversification of donors and economic partners and growing competition among them has, however, increased the government's ability to ignore traditional (Western) donors' demands.

The constitution guarantees freedom of association and freedom of assembly. Citizens can form associations and assemble, as state interference in NGO activities is low. According to different sources, there are between 3,000 and 8,000 registered associations in Tanzania. Associations are required to register themselves under specific laws, such as the Political Parties Act (1992, amended in 2019), the NGO Act (2002, amended in 2019), the Societies Act (2002, amended in 2019) and the Cooperative Societies Act (2003); they may also be deregistered by the state organs. The 2019 amendments increased government control over the NGO, arts and economic sectors. Government-appointed registrars were given wide-ranging discretionary powers to interfere in activities by revoking the registration of companies and NGOs on the basis of undefined and vague terms, which are prone to arbitrariness.

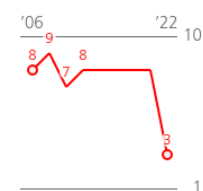
Under the current Magufuli government, the space for NGOs and Civil Society Organizations (CSOs) has significantly narrowed.

Whereas service delivery organizations are still welcomed and acknowledged as important to achieving the country's development goals, advocacy groups critical of the government, government policies and general conditions in the country face increasingly stringent restrictions.

Various CSOs have been temporarily banned, their offices searched, and their staff harassed, arrested and interrogated by state organs, including the president himself.

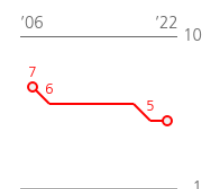
Effective power to govern

3



Association / assembly rights

5



Since 2016, political parties have been banned from conducting most activities and holding demonstrations.

The government imposed no further restrictions on assembly rights due to COVID-19-related measures.

The constitution guarantees freedom of expression and the right to information. However, these rights are severely curtailed in practice as a result of the implementation of several restrictive laws and harassment of media practitioners. Tanzania further dropped in the 2020 Reporter Without Borders' World Press Freedom Index and is now ranked 124th out of 180 countries. Over the last five years, the country has fallen 55 places, more than any other country in the world.

Since 2015, several laws have been enacted that severely limit the freedom of expression and the right to information and increase the government's control over the media sector: the Cybercrimes Law (2015), the Statistics Act (2015, amended in 2018), the Media Services Act (2016), the Films and Stage Plays Act (amended in 2019), and the Electronic and Postal Communications (Online Content) Regulations (2018, amended in 2020). Journalists have been threatened, harassed, attacked and even killed, and their offices vandalized. Numerous people have been arrested and charged under the provisions of the contentious Cybercrimes Act.

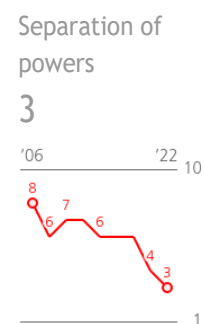
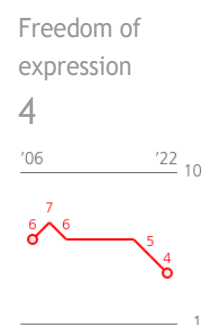
The amendments to the Electronic and Postal Communications (Online Content) Regulations of July 2020 introduced a long list of prohibited content, including information regarding the outbreak of a deadly or contagious disease without the approval of the authorities. Several media outlets were banned or fined, and journalists were suspended in 2020 for reporting about the COVID-19 pandemic.

The attacks on journalists and the implementation of the new draconian laws have instilled a climate of fear and caution among media practitioners. Corruption and self-censorship occur, although the extent of this is difficult to measure.

3 | Rule of Law

Constitutionally, the separation of powers is fundamentally assured, but in practice, the executive branch dominates. The separation of powers is limited. The parliament includes the National Assembly and the president. The president has the right to appoint up to 10 unelected additional members of parliament. The attorney general – a presidential appointee – is an ex-officio member of parliament. Judges and magistrates are also appointed by the president.

Under the current presidency, the executive branch's dominance has increased. Meanwhile, the parliament has lost much of its former strength and independence and has become an instrument of the executive to the detriment of its role as an organ of checks and balances. In June 2020, parliament passed an amendment of the National



Assembly (Administration) Act, which gave the president control over internal parliamentary business.

The president, the prime minister, government ministers, and regional and district officials are increasingly governing through orders and directives rather than following formal procedures.

In the wake of the coronavirus pandemic, the executive introduced temporary measures such as school closures and the cancellation of mass events, but a state of emergency was not declared. The restrictions were lifted after the president declared the country free of the coronavirus in May 2020. Furthermore, the president declared a partial lockdown, reversing the strict lockdown imposed by the prime minister. Moreover, some restrictions on media freedom and the right to assembly were criticized as disproportionate. Before the October elections, on June 15, 2020, parliament was dissolved.

There is a well-developed and differentiated juridical system. Since the judiciary is not a “union matter,” Zanzibar and mainland Tanzania have their own, but somewhat similar, judicial systems, which extend from primary courts to a High Court. The Court of Appeal, however, is a Union institution and deals with cases that affect both parts of the Union. Zanzibar has, in addition, a system of Kadhis’ courts. Their jurisdiction is restricted to questions of Muslim Law, such as personal status, marriage, divorce or inheritance. However, Zanzibaris are free to choose whether they would prefer to present their case before a Kadhis’ court or a secular government court.

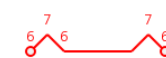
Political influence and corruption, especially at lower-level courts, limit the independence of the judiciary. Long legal proceedings, a scarcity of financial resources and qualified personal and distrust from the general population further limit the legal system’s capacity to fulfill its intended role. Through a controversial amendment of the Tanganyika Law Society Act, in early 2020, the government increased its control over the country’s formally autonomous bar association.

Higher-level courts (e.g., High Court or Court of Appeal) continue to show a strong resilience to government attempts to apply pressure on rulings of a political nature. Opposition politicians accused of breaching public assembly regulations are often set free, and the upper courts have at least in a few cases ruled against the government.

Independent
judiciary

6

'06 '22 10



1

Immediately upon assuming office, President Magufuli started pursuing his anti-corruption agenda and made it a key priority of his presidency. Several hundred officials, including heads of important state authorities, were sacked or transferred, due to allegations of corruption, theft, incompetence or poor work ethic – albeit sometimes without following due procedure and sometimes without clear evidence. Numerous cases were brought before the courts, among them cases involving high-profile civil servants and politicians. Although several of the accused were sentenced, the total number of convictions has remained low, and corruption and other forms of abuse of office continue to be common. In January 2020, Magufuli fired Home Affairs Minister Kangi Lugola Lugola over alleged corruption and sent the case to the anti-corruption agency PCCB (Prevention and Combat of Corruption Bureau) for further investigation. Corruption is structurally ingrained among the political and economic elite. It is also common among lower levels of public administration, faith-based organizations and the general public, and in the private sector, the media and civil society. Whereas the anti-corruption efforts of previous governments have at best been half-hearted, President Magufuli has proven to be strongly committed to curbing corruption and has made anti-corruption efforts one of his hallmarks.

At the same time, amendments to laws in 2020 undermined solidarity lawsuits by removing the right of individuals or entities to sue for their rights unless they are directly affected. In November 2019, Tanzania withdrew the right of individuals and NGOs to directly file cases against the government at the African Court on Human and People's Rights. The 2020 amendments also granted immunity to the president, vice president, prime minister, the speaker, deputy speaker and chief justice for any act of commission or omission in the course of their duties.

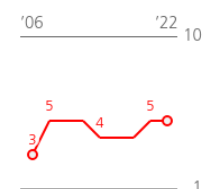
The constitution and the legislation generally protect the rights to life and security of people. The death penalty exists for convictions of treason and murder and is the mandatory sentence for murder, notwithstanding a ruling from the African Court on Human and People's Rights of November 2019, which directed Tanzania to abolish the mandatory death sentence. According to the Legal and Human Rights Center's Human Rights Report 2019, there were more than 480 death row inmates in the country.

Violations of civil rights have increased. The right to life has been violated by security organs, which tend to react with excessive force, particularly in politically motivated contexts, such as the elections of 2019 and 2020.

Cases involving threats and intimidation from security organs (e.g., the secret service), abductions, assassinations and assassination attempts, extrajudicial executions, and the forced disappearances of human rights activists, politicians, et cetera have continued to occur.

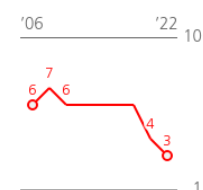
Prosecution of office abuse

5



Civil rights

3



A widely held belief in witchcraft also poses a threat to the right to life and security, mainly to elderly women and people with albinism.

Torture is not systematically practiced. The right to personal security is, however, not guaranteed in prison. The conditions in prisons are generally appalling and prisoners must rely on the benevolence of prison staff.

Access to justice is formally provided by the juridical system, which is, however, constrained by several factors. There is a shortage of courts and qualified personnel, mainly in rural areas. For the majority of poor Tanzanians, court fees are prohibitively high and legal aid is unaffordable. Furthermore, trust in the legal system and its ability to 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 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. 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 in Tanzania. Prejudices and discrimination based on sexual orientation are rife due to cultural and religious norms. Also, discrimination against people with disabilities is common.

Very few restrictions on civil rights (mainly on the right of assembly) were temporarily imposed due to COVID-19.

4 | Stability of Democratic Institutions

Democratically legitimized institutions exist in principle on the national, regional and local levels. The National Assembly, local councils and the national and local governments are elected – albeit under very questionable conditions that contradict democratic principles. Despite the president's and the ruling party's considerable power to interfere, decision-making generally follows appropriate and legitimate procedures. However, in an increasingly authoritarian atmosphere, the space for dissenting opinion has shrunk for lawmakers. In addition, the administration of President Magufuli has introduced a practice of ruling through edicts, which frequently conflict with established legitimate procedures and the law. This practice risks undermining the country's democratic institutions in the long run.

Performance of democratic institutions



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

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

Democratic institutions are in principle accepted as legitimate by most relevant actors, but the ruling party Chama Cha Mapinduzi (CCM) uses its historical strength and appears resistant to opening the political system into a genuine functioning multiparty democracy, with a vibrant and critical civil society and media, which would challenge the dominant position CCM has held since independence.

There are strong indications that the country's political leadership – particularly President Magufuli – does not fully accept the legitimacy of democratic institutions (e.g., independent media, civil society organizations and opposition political parties). The president's authoritarian governance style, which is based on his personal directives and a disregard for formal procedures, weakens democratic institutions.

Several 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, and to the president, than to the legislature. The CCM has demonstrated an unwillingness to accept democratic institutions when they appear to pose a threat to the party's claim to power and has blocked or undermined decisions made by them. Most people who are not CCM sympathizers have reservations about the impartiality of election management bodies, which are viewed as being biased toward the ruling party.

5 | Political and Social Integration

The party system is dominated by the former state party, the CCM (Party of the Revolution). The CCM is deeply rooted in society and has branches and members in every corner of the country. Despite recurring internal frictions, the CCM has proved very stable. The CCM's wing in Zanzibar enjoys a considerably independent existence within the party, with specific interests that sometimes contradict those of the main party. Apart from the divide between the mainland and Zanzibar, there are sometimes very hostile factions, mainly based on clientelistic networks of ambitious leaders pursuing their own personal interests. President Magufuli has managed to bring the previously quite independent and self-confident party under his control, stifling internal party debates and democracy. With very few exemptions, opponents to Magufuli or his policies within the CCM have kept silent – or have left the party and joined the opposition.

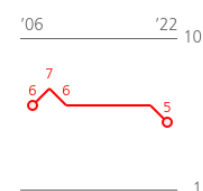
Commitment to democratic institutions

3



Party system

5



Opposition parties emerged after the multiparty system was reintroduced in 1992. Most of them lack concise programs and obtain their support mainly through opposition to the CCM.

The Party for Democracy and Progress (CHADEMA) has managed to stabilize itself as the leading opposition party since 2010 and – in the 2015 elections – was the first party able to challenge the CCM’s dominance.

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, with some regional strongholds. However, CHADEMA is particularly popular among young voters, the country’s largest voter group.

In Zanzibar, the political arena is extremely polarized and the society is divided along party lines. Since the early 1990s, the Civic United Front (CUF) has constituted the main – and de facto only – opposition party. After internal leadership wrangles, the CUF split in March 2019, with the more-powerful Zanzibar faction under popular Secretary-General Seif Sharif Hamad defecting to the formerly small Alliance for Change and Transparency – Patriots (ACT-Wazalendo). The CUF was well rooted in Zanzibar, although it owed most of its support to its charismatic leader Hamad, who died of COVID-19 in February 2021. The decision by the ACT leaders and Hamad to join the Government of National Unity, despite claiming that the 2020 elections were heavily rigged, might have negative impacts on the party’s popularity. A frustrated voter base could possibly withdraw from political activities and radical groups might try to pursue less conciliatory approaches.

A handful of smaller parties (e.g., the NCCR-Mageuzi, TLP and United Democratic Party) have played or continue to play a role in the political arena. However, such parties are mere electoral vehicles for their respective party leaders rather than socially rooted and organized political parties with distinct party programs. Several other parties exist but are insignificant.

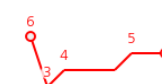
Polarization between the opposition and the ruling party has always been very high in Zanzibar. The oppressive reactions of the state apparatus to opposition have further increased polarization, as these became obvious particularly during the 2019 and 2020 elections.

Tanzania has a long tradition of cooperative and civil society organizations, dating back to the colonial era when trade unions and associations played an important role in the struggle for independence. During the one-party era (until 1992), independent civic activities were suppressed and social interests were incorporated into the single party.

Interest groups

5

'06 '22 10



1

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

Some politically active advocacy CSOs have emerged, albeit in a much smaller number than NGOs and mainly based in major cities. They work across a wide range of issues, including human and women's rights, empowerment, health, education, democratization, gender, environmental, land management, and media. The major CSOs usually work together and form alliances to advocate for specific topics of common interest. Their declared claim to represent the interest of the poor majority is, however, somewhat questionable due to their strong urban and elitist base, and high dependency on external donor funding.

There are several trade unions and professional associations. Most of them, however, lack professional structures and adequate funding.

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, trade unions and professional associations, FBOs are also present in rural areas.

Service delivery NGOs, advocacy CSOs, FBOs and religious leaders, and trade unions and professional associations do not embrace ethnic or regionalist sentiments. Instead, they see themselves as pro-democracy. In practice, they play a limited 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 dialogue and cooperation. By propagating conservative values, and defending conservative and even undemocratic structures, they stifle democratization at times. Furthermore, conflicts between and within various religious groups and denominations pose a threat to peace and stability.

National and international business interest groups – linking natural resources extraction, manufacturing, trade and services (e.g., telecommunications, tourism) – are fast expanding. The government has proved incapable of implementing safeguards to protect people and ecosystems due to a lack of financial, technical and human resources. This has led to serious human rights violations, land-grabbing and damage to the natural environment.

The capacity of cooperative associations to mediate between society and the political system has recently diminished since the operations and communications of these associations are being restricted.

Due to restrictive legislation, independent opinion polls are no longer possible. However, according to previous surveys, approval for democracy is fairly high in Tanzania.

In surveys conducted by the NGO Twaweza in 2017 and 2018, 84% of respondents supported a multiparty system, 78% wanted the president to obey the law and abide by court decisions. Furthermore, public support for various rights and freedoms (e.g., the right to criticize the government, the right to information, the right of opposition parties to hold rallies, and freedoms of opinion, media and assembly) is high or growing, compared to surveys in 2015/16.

Results of several surveys allow the conclusion that Tanzanians prefer to choose their political leaders, but increasingly understand democracy also in terms of personal freedoms (e.g., freedom of expression and freedom of assembly).

For the majority of the population (mainly in rural areas), close informal networks of extended families provide the social capital to manage everyday life and to confront challenges that emerge from economic, social and natural crises. According to a 2012 Afrobarometer survey, general social trust was not particularly high: 88% claimed that one must be very careful in dealing with people in general. Yet, according to a survey by Twaweza (September 2014), community trust was 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% trusted their relatives and 76% trusted their neighbors.

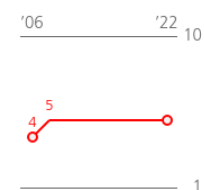
People organize themselves informally rather than relying on public or formal organizations to improve their situation. 72% of those interviewed by Twaweza (2014) were involved in a community organization, such as a religious group or a saving and loan group. Political self-organizing has been rather limited to urban-based groupings.

However, family and community bonds, self-help organizations and savings groups are important networks of solidarity, in the absence of reliable and comprehensive safety nets provided by the state, NGOs, FBOs or other institutions. The importance of these safety nets also makes them vulnerable and prone to misuse and fraud. Consequently, the level of distrust and suspicion is quite high in society in general as well as within these self-help groups, which in many cases have introduced control mechanisms to avoid misuse and fraud.

Approval of
democracy
n/a



Social capital
5



II. Economic Transformation

6 | Level of Socioeconomic Development

Although Tanzania has made considerable improvements in the Human Development Index (moving from a score of 0.353 in 1990 to 0.529 in 2019), it continues to rank among the countries with the lowest level of human development and ranked 163rd out of 189 countries in the 2019 HDI.

Social exclusion is extensive and structurally ingrained. There is a strong divide between urban and rural areas, as well as between poor regions in the western and lake zones and comparatively better-off regions in the eastern zones. According to the 2018 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 exists, however, in rural areas, living (at least partially) on subsistence farming. According to the World Bank, 76.8% of the population lived on less than \$3.20 a day in 2017. The effects on poverty of significant macroeconomic growth remain unclear. According to the World Bank's Poverty Assessment Report, the national poverty rate had fallen from 34% in 2007 to 26.4% in 2018. Due to the continued high population growth rate of 3.1%, however, the absolute number of poor people increased from 13 million to 14 million during the same period. At a rapidly increasing rate, the gap between the very few rich and the many very poor is widening, as indicated by a Gini coefficient of 40.5 (2017). Women often live in relative deprivation. Tanzania has developed slowly according to the Gender Inequality Index, from 0.593 (2005) to 0.556 (2019). On the Global Gender Gap Index, Tanzania ranked 68th out of 153 countries (2020).

Economic indicators		2017	2018	2019	2020
GDP	\$ M	53320.6	57003.7	61136.9	62409.7
GDP growth	%	6.8	5.4	5.8	2.0
Inflation (CPI)	%	5.3	3.5	3.5	3.3
Unemployment	%	2.0	2.0	2.0	2.2

Question
Score

Socioeconomic
barriers

3

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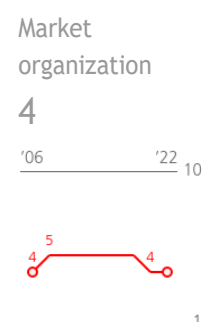
Economic indicators		2017	2018	2019	2020
Foreign direct investment	% of GDP	1.8	1.7	1.6	-
Export growth	%	-4.1	-1.7	19.0	-8.6
Import growth	%	-7.1	16.7	-1.4	-7.6
Current account balance	\$ M	-2127.8	-1897.8	-1301.3	-
Public debt	% of GDP	40.7	40.5	39.0	39.1
External debt	\$ M	21418.4	22351.5	24163.9	25537.8
Total debt service	\$ M	812.2	1044.2	1239.5	1265.5
Net lending/borrowing	% of GDP	-1.5	-0.3	-	-
Tax revenue	% of GDP	11.8	11.7	-	-
Government consumption	% of GDP	8.5	8.1	7.8	8.2
Public education spending	% of GDP	4.4	3.7	3.5	3.1
Public health spending	% of GDP	1.6	1.6	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.1	1.1	1.0	1.0

Sources (as of December 2021): 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

The fundamentals for domestic and foreign market competition exist in Tanzania, but within a weak institutional framework. Although the majority of former state-owned enterprises have been privatized, the government still controls pricing in the agriculture sector, telecommunications, banking, energy and transport. International investment is largely concentrated on mining, services (telecommunications, finance and tourism) and construction, and to a lesser extent in manufacturing industries. Labor regulations are not efficient and the informal sector contributes a significant, but difficult to quantify, share of economic activity.

Tanzania's ranking in the Ease of Doing Business Report has fallen from 132nd (2017) to 141st (2020). The Magufuli government's spontaneous and often erratic interventions in economic regulation have created an atmosphere of uncertainty, raised doubts about the government's commitment to market principles and demonstrated the weakness of the institutional economic framework. Generally, cumbersome bureaucratic procedures are a burden to the development of a functioning market economy. Consequently, the country only ranked 162nd out of



190 countries in the Doing Business 2020 sub-index “Starting a Business.” On average, it takes 29.5 days and 10 procedures, and costs 40.6% of the average annual income per capita to establish a business.

The president has also frequently intervened in markets, banning certain imports, exports and commodities, some of which he had to revoke later.

Tanzania enacted its first competition law, the Fair Trade Practices Act, in 1994 and set up a department within the Ministry of Trade and Industry to oversee its implementation. The law was replaced by the Fair Competition Act (FCA) of 2003. The aim of the FCA is to promote competition in trade and commerce and protect consumers from unfair and misleading market practices.

The FCA established a Fair Competition Commission (FCC) in 2007, which has the powers to investigate and impose sanctions, and a Fair Competition Tribunal (FCT) as the authority to appeal against FCC decisions. The FCC is a member of the International Competition Network.

The FCA’s authority also applies in respect to the state and its agents, when they are engaged in commercial activities. 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.

From a legal perspective, Tanzania has a sound legal and institutional framework for the implementation and development of competition law and policy, which has adopted a number of international best practices and standards. While the country has a sound legal and institutional competition law framework, the enforcement of effective antitrust policy is limited. In particular, there are severe problems concerning the FCC, including a lack of competent and trained staff, and financial resources.

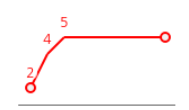
Since market liberalization and the privatization of the former socialist economy trade has been continuously liberalized mainly within the context of the East African Community (EAC). As a WTO member since 1995, Tanzania aligns with positions of the group of least developed countries, and the African, Caribbean and Pacific Group of States. In April 2020, the country ratified the WTO Trade Facilitation Agreement (TFA). According to the WTO, the simple average of the MFN (“most favored nation”) applied total tariffs was at 13.1 in 2019. As a founding member of the EAC, Tanzania is undertaking trade liberalization within the EAC’s customs union and applies the EAC’s agreed Common External Tariff.

Under the EAC, several regulations were adopted to harmonize the members’ trade policies vis-à-vis third countries. EAC countries’ multiple memberships in different regional economic communities, such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa

Competition policy

5

'06 '22 10



1

Liberalization of foreign trade

5

'06 '22 10



1

(COMESA), continue to provide major impediments to full harmonization. Tanzania grants tariff preferences on a reciprocal basis to SADC members.

In 2016, Tanzania rejected the signing of a comprehensive Economic Partnership Agreement (EPA) with the European Union due to doubts as to whether Tanzania's industrialization would be stifled by an EPA. Although the government announced in early 2019 that it was considering endorsing the EPA, no significant steps have been taken in that direction.

Tanzania concluded bilateral treaties for the promotion and protection of foreign direct investments with a number of EU member states. Tanzania's largest trading partners are the European Union, India and China.

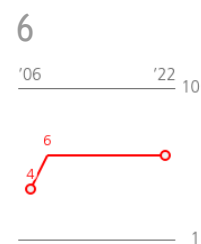
Trade bans, protectionist measures and a new nationalist economic agenda have been advocated by President Magufuli since 2016 and have affected the country's openness to foreign trade. The country's main trading partners in the EAC complain about non-tariff trade barriers imposed ad hoc by Tanzanian authorities, such as temporary trade bans, numerous expensive fees and charges, and various bureaucratic hurdles.

The relatively small financial sector is controlled by the Bank of Tanzania (the central bank). Most international banking standards are met, but the IMF Financial System Stability Assessment of November 2018 revealed several shortcomings and recommended enhancements to banking supervision, which is undermined by a lack of adequate professional resources. As of December 2019, 51 banks were registered, ranging from small community banks to state-owned banks to branches of international banks. In recent years, market concentration has declined. However, 10 large banks dominate the market with a market share of almost 60% (2019). The high number of banks in a relatively small banking sector raises doubts about the profitability of some banks. In recent years, credit quality has deteriorated, with the ratio of non-performing loans having increased from 7.8% (2010) to 9.9% (2018), according to the World Bank. The bank capital to assets ratio has increased from 10.3% in 2010 to 11.9% in 2018. According to the Bank of Tanzania, core and total capital adequacy ratios stood at 17.04% and 18.06% in 2019, compared to 16.20% and 18.14%, respectively, in 2018. Both ratios were above the minimum legal requirements of 10% and 12% for core and total capital, respectively.

Presently more than 60% of Tanzanians have access to banking services (compared to 11% in 2006), with most utilizing mobile banking. Mobile money systems, provided by telecommunication companies, have significantly expanded and have become the preferred instrument for money transfer, electronic payments and even savings.

The conventional banking system is expanding, but still relatively small and displays increasing gender and social gaps. Large parts of the enterprise sector – particularly

Banking system



small and medium enterprises, and rural enterprises – are underserved by the formal financial sector due to the lack of credit availability and high costs. The capital market remains very small and undifferentiated. A stock exchange has existed since the 1990s, but with very few listed companies and low turnover. To broaden access to and use of financial services, the central bank in 2019 issued the Microfinance Regulations and Bank of Tanzania Financial Consumer Protection Regulations.

8 | Monetary and fiscal stability

Controlling inflation and ensuring an appropriate foreign exchange rate are recognized as important goals. The National Five-Year Development Plan 2016/17 to 2020/21 sets the target inflation rate at 5%. Since 2001, the annual inflation rate averaged between 5% and 8%, with the exception of 2008 to 2012, when inflation rates went up to 10% to 15%. At the end of 2019, the inflation rate had fallen to 3.5%.

Currency policy has had mixed results. Because of a persistent foreign trade deficit and variable international transfers (e.g., in the form of development aid), the value of the Tanzanian shilling has fallen slowly, but steadily since 2006 relative to the U.S. dollar. During the past years, however, the exchange rate has remained relatively stable. According to IMF data, the real effective exchange rate (based on consumer price index) has varied significantly over recent years, dropping from 104.4 in 2009 to 90.4 in 2011, before increasing to 119.3 in 2014, and then dropping again to 109.4 in 2017. More recent data is not available.

The central bank is fairly independent and is competently run but is subject to occasional political influence.

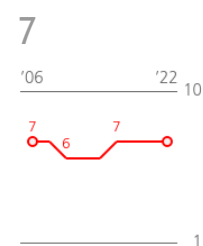
Over the past two decades, Tanzania has achieved macroeconomic stability as a result of market-oriented reforms, prudent macroeconomic policies and strict discipline in its fiscal policy.

Since 2016, the present government has implemented drastic measures to reduce unnecessary government expenditure, waste of public funds and tax evasion. An increase in tax revenue has become a primary goal for the government. At the same time, abrupt tax increases and erratic regulatory changes have increased uncertainty and had a negative effect on the business climate.

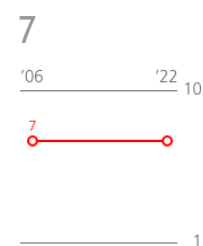
Government consumption was slightly reduced from 12.3% of GDP in 2009 to 8.5% of GDP in 2017. The government used almost 70% of the 2019/20 budget for recurrent expenditures, with about 30% of expenditures spent on development projects. However, only about 65% of the budgeted development expenditure was actually disbursed due to continued implementation and capacity problems.

The fiscal deficit in recent years averaged between 1.5% and 5% of GDP, thus generally meeting the prescribed targets. Public debt has continuously increased from

Monetary stability



Fiscal stability



24.0% of GDP (2009) to 38.2% in 2019, and debt services increased to almost 50% of total expenditures in the 2019/20 fiscal year. The IMF and the World Bank, however, have concluded that Tanzania remained at low risk of external debt distress and that the country's debt was manageable.

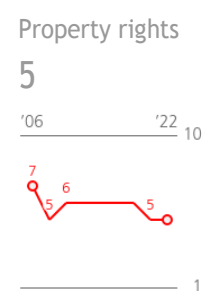
According to data from the Bank of Tanzania, the government's budget was hardly affected by the COVID-19 pandemic. Revenue collection in 2019 and 2020 remained within the set targets. The World Bank estimates that the fiscal deficit narrowed in 2019/20 to 1.4% of GDP due to increased domestic revenue collection and lower expenditures, especially in development spending. However, the COVID-19 pandemic caused a reduction in domestic revenue in 2020. Thus, the fiscal deficit is expected to widen to 2.6% of GDP in the 2020/21 financial year.

The government has received grants and pledged to use contingency reserves of \$3.2 million to fund additional health spending to mitigate the risks of the pandemic. Social security schemes were expanded by \$32.1 million to meet the increase in benefits for those new unemployed due to COVID-19. Measures to support the private sector included the accelerated payment of expenditure arrears, particularly to affected SMEs. In June (first tranche) and October (second tranche) 2020, the IMF approved debt relief under the Catastrophe Containment and Relief Trust amounting to \$26 million. In addition, Tanzania received support through participation in the Debt Service Suspension Initiative (DSSI).

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. 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 the unfair application of the law. In addition, despite the constitution and several laws prohibiting all forms of discrimination in ownership of property, in many cases, customary laws, inheritance practices, traditions and norms deny women the right to own property. Several projects have been undertaken to clarify and formalize land tenure, settle land conflicts and issue title deeds, but progress has been extremely slow. Most rural land is still not properly documented. This creates serious problems in agreeing on adequate compensation for major land investment projects, leading to accusations of land-grabbing.

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 general welfare, without paying any or only inadequate compensation.



In the 2020 International Property Rights Index, Tanzania ranked 70th out of 129 countries globally and six out of 28 African countries, with a score of 5.174, a slight improvement over its 2017 and 2016 rankings.

Although the government in principle recognizes the private sector as a driving force for industrialization, the administration has sent inconsistent signals to the business community with abrupt policy changes, bans on certain imports or exports, short-term modifications in the tax regime and termination of agreements. President Magufuli has often expressed resentment of the private sector, favoring a state-run economy over the private sector, which he equated with corruption and selfish exploitation of the nation's wealth. As a result of the insecure business environment, FDI inflows have significantly decreased since Magufuli assumed office in late 2015, and net FDI inflows as a percentage of GDP are now below the averages of both low income and lower-middle income countries. The 2020 World Investment Report indicates that despite increasing from \$938 million in 2018 to an estimated \$1.1 billion in 2020, FDI flows to Tanzania have not recovered to pre-2015 levels (\$1.5 billion in 2015).

Privatization has not always followed market principles but has often been rife with corrupt practices. Breweries, the tobacco industry, cement companies and banks have been successfully privatized. Practically all manufacturing companies have been fully privatized, but – as many have remained dormant since privatization – demands for the government to re-possess these entities have increased of late.

However, the privatization of key infrastructure operators (e.g., telecommunications, electricity services, airspace, railways and port authorities) has stopped or remains incomplete. In some sectors, such as telecommunications and electricity, state and private or community-based enterprises coexist.

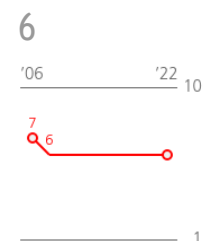
The government neither took equity stakes nor nationalized companies in the wake of the COVID-19 pandemic.

10 | Welfare Regime

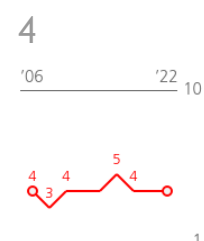
The most important social safety net for the majority of people is the extended family network. Since the majority of the population is poor, informal networks among the poor can only provide the most basic aid.

Private and governmental social security schemes (e.g., health insurance and pension funds) exist, mainly for a relatively small number of people employed in the formal sector. As of December 2019, membership in the National Health Insurance Fund covered 9% of the population. In November 2019, the government launched three new low-price medical schemes aimed at reaching people with no employment in the formal sector. However, the parliamentary health committee considered the

Private enterprise



Social safety nets



membership fees too high for the poor majority. In addition, committee members criticized the fact that many health risks were not covered. Although other forms of formalized social security exist (such as community health funds), the poor majority mainly depends on informal networks to compensate for social risks.

Beyond this, even formal security nets provide an insufficient level of welfare. Pensions are very low and most government hospitals struggle to offer essential services.

The public health system is subsidized by the government, but apart from very few national hospitals, poorly equipped. Tanzania has received additional financial support from its international partners (including the EU and the United States) in response to the pandemic. The government released more than \$300 million for health spending and expanded social security schemes as a result of the COVID-19 virus.

Tanzania's constitution prohibits discrimination based on gender, color, place of origin, political opinion, religion, nationality, tribe or station in life. Although equal opportunity does not exist in practice, access to education, public office and employment are not systematically denied based on religion, ethnicity, race or political preference. 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.

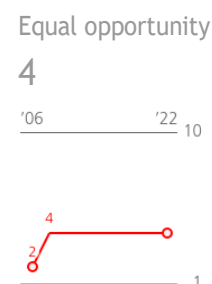
Constitutional principles are also contradicted by customary laws, which are usually applied in rural areas and deny women equal opportunities in certain instances (i.e., rights to inheritance).

Despite some government programs to support people 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 support institutions outside of urban areas are the main factors that in many respects impede equal opportunity. Women account for 48.1% of the total labor force (2020).

Whereas gender parity is achieved for enrollment in primary schools, the ratio of female to male enrollment is 1.1 at the secondary and 0.7 at the tertiary education level. The gross enrollment ratios are 98.8% for primary, 32.0% for secondary and 3.1% for tertiary education.

According to UNICEF (2016), completion rates of primary, secondary and upper secondary education depend heavily on the place of residence and economic background, with students from urban and wealthier backgrounds more likely to complete their education than children from poor and from rural settings. The socioeconomic background of one's family has a strong influence on access to equal



opportunity. The adult literacy rate among the total population is 77.9%: 83.2% among men and 73.1% among women (2015).

11 | Economic Performance

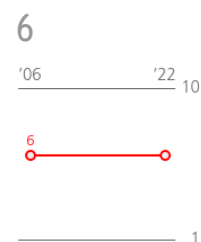
Since the early 2000s, Tanzania's GDP showed a remarkably consistent growth rate of between 6% and 7%, albeit still on a relatively low absolute level, with GDP per capita based on purchasing power parity (PPP) of \$2,771 in 2019. Tanzania remains at the top of the fastest growing and most consistently performing economies in Africa, although still characterized by a very low level of material wealth for the vast majority of the population, with about 25% living below the poverty line. Steady growth rates of 8% to 10% would be necessary to make a substantial difference in alleviating the country's deeply ingrained poverty. With a population growth rate of 3.1%, the GDP per capita growth is only 2.7% in constant local currency. In 2019, inflation was contained at around 3.5%.

In July 2020, the World Bank announced that Tanzania had been upgraded to lower middle-income status, with the country's GNI per capita having increased to \$1,080 in 2019 and thus exceeded the threshold for the lower middle-income status of \$1,036. The government celebrated the upgrade as a confirmation of its policies, emphasizing that this had been achieved five years earlier than projected in the Tanzania Development Vision 2025 (TDV 2025). The World Bank, however, reminded the government that the TDV 2025 development goals were much broader than simply passing this threshold, and thus far, only a small portion of them had been achieved. The World Bank stated that investing in human development and physical capital was a key to achieving the broad goals and improving the quality of life for all Tanzanians.

According to the World Bank's Poverty Assessment Report, the national poverty rate fell from 34% in 2007 to 26.4% in 2018. Due to the continued high population growth rate of 3.1%, however, the absolute number of poor people increased from 13 million to 14 million during that same period.

Beyond this, there were doubts about the reliability of the official economic data provided by the government, including the growth rate. In its Staff Report for the 2019 Article IV Consultation (April 2019), the IMF referred to official GDP growth data claiming about 7% growth but pointed to "serious weaknesses in the data." The IMF expected the growth rate to slow due to uncertainties about the government's economic policy direction, the president's erratic directives, continuous threats against private business and tendencies toward economic nationalism, which resulted in an atmosphere of uncertainty within the business community, liquidity shortages and closure of businesses.

Output strength



Tourism, the country's leading foreign exchange earner, was severely hit by the COVID-19 pandemic in 2020. Earnings from tourism decreased by almost 60%, compared to the previous year. The country, however, benefited from increased earnings from gold exports, which, according to the Bank of Tanzania, grew by 33.5% in 2020, due to an increased price for gold and resumed mineral exports. In early 2020, the government and the Acacia Mining/Barrick Gold mining company reached an agreement to settle their long-standing dispute. Nevertheless, the World Bank expected a sharply decreased GDP growth rate of 2% in 2020. Although the country avoided recession, the pandemic had a deeply negative impact on the economy, employment and welfare, particularly among the majority of low-income households.

According to government data, most macroeconomic indicators were satisfactory. The current account deficit was reduced from about \$5 billion (2014) to \$1.9 billion in 2018. Foreign direct investment remained relatively low at 1.8% of GDP in 2019. Foreign investors were mainly attracted by the extractive industries, infrastructure projects, and construction, telecommunications and tourism sectors. According to World Bank data, public debt has increased from 24% of GDP in 2007 (the result of the 2006 debt cancellation under the HIPC initiative) to 38.2% of GDP in 2019. The IMF–World Bank Debt Sustainability Analysis, updated in April 2020, indicated that Tanzania's risk of debt distress was low, implying that the country's debt was quite sustainable.

Economic growth – mainly driven by capital-intensive sectors like finance, transport and communications, and state investments in big infrastructure projects – and macroeconomic stability have not yet translated into the reduction of poverty and the creation of jobs, and youth unemployment is very high. 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 approximately 800,000 people entering the labor market every year.

The country's economic backbone, the agricultural sector, performs only insufficiently, compared to its potential. It employs about 75% of the workforce but contributes only about 25% to the GDP.

12 | Sustainability

The effects of environmental degradation and climate change are clearly visible in Tanzania.

There is growing environmental awareness among Tanzania's political elite and the general population. The National Environment Management Council (NEMC), under the jurisdiction of the vice president's office, plays the role of environmental watchdog – supervising national environmental legislation and taking legal action against institutions or companies that infringe upon the law. The government adopted a National Environmental Policy only in 1997, which turned into the Environmental Management Act (2004). This also became part of the National Strategy for Growth and Reduction of Poverty (NSGRP) of 2005. The policy and act were both donor-driven. Tanzania has ratified several multilateral environmental agreements, and put in place policies, strategies, legislation and agendas that address a wide range of environmental issues (e.g., water, energy, fishing and coastal environmental resource management issues).

Whereas former governments showed little commitment to implementing environmental policies, the Magufuli administration has indicated a willingness to enforce environmental regulations. Among other measures, several companies have been fined for violating environmental laws, and the ban on felling trees without planting new trees has been more seriously monitored and enforced. In 2019, the country banned plastic bags. Strong measures have been taken against poaching, dynamite fishing and other problematic practices.

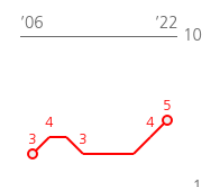
However, environmental concerns are frequently subordinated to economic growth efforts. The most notable example has been the government's decision to build the controversial 2,100 MW Stiegler's Gorge Hydroelectric Power Station, which will be located inside the Selous Game Reserve (UNESCO World Heritage Site), despite national and international concerns that the dam will have negative environmental and social effects. The government justifies construction of the dam, inter alia, by claiming the electricity it will produce is an environmentally friendly alternative to firewood and charcoal as the main energy sources.

In addition, corruption, laxity, incompetence and underfinancing of local authorities result in weak implementation of regulations.

With an Environmental Performance Index of 31.1, Tanzania ranks 150th out of 180 countries (2020).

Environmental
policy

5



According to the World Bank, in 2019 the primary, secondary and tertiary education enrollment rates were at 98.8%, 32.0% and 3.1%, respectively. The literacy rate was 77.9% (2015). In the U.N. Education Index, Tanzania has barely improved, with its score increasing from 0.410 in 2009 to 0.429 in 2019.

School fees were abolished in primary schools in 2001, and in 2016, the Magufuli administration abolished fees for lower secondary schools. This has increased enrollment in secondary schools but has also resulted in a much higher student-teacher ratio. However, several other financial contributions (e.g., for tuition, books, uniforms, food and transport) remain a substantial burden for poor families and are a common cause of school dropout rates. Despite the increase in enrollment, public expenditure on education remained low at 3.7% of GDP (2018).

Dropout rates are very high (particularly for girls) due to economic hardship, early marriages, teenage pregnancy and gender-based violence at the schools. The president's directive of June 2017 not to allow pregnant schoolgirls and teenage mothers to return to public school after delivery caused an outcry inside and outside the country and was only slightly adjusted in April 2020 after the World Bank temporarily withdrew a \$500-million education sector loan.

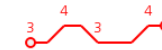
The country's principal education challenges are low enrollment rates for secondary and tertiary education, and the very poor quality of education. This is due to poor learning and teaching environments, shortages of teaching and learning materials, overcrowded classrooms, overburdened students and teachers, poorly trained and motivated teachers, precarious living conditions for teachers and (female) students (especially in remote rural areas), and widespread poverty. The average student-teacher ratio in primary schools is 51:1 (with major regional differences).

The number of universities and other higher learning institutions has drastically increased in recent years, bringing the total number to about 35 public and private universities. With very few exceptions, the quality of teaching and research is far below international standards. The government investment in R&D is very low (0.5% of GDP in 2013), 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 present extremely adverse conditions for a strong and committed transformation process. On the other hand, positive factors include the broad support accorded to the state, peaceful political traditions, and an absence of serious ethnic and religious disparities (a degree of national identity and integration that is comparatively high for Africa) – at least in respect to the mainland.

The country lacks modern physical infrastructure (although infrastructure is rapidly expanding), which is stressed by heavy utilization and inadequate maintenance, meaning that renewed investment in existing facilities is necessary every few years.

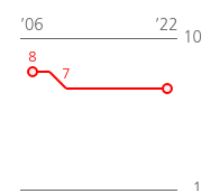
Despite fundamental structural difficulties, the government is pursuing a vigorous transformation and industrialization strategy, albeit frequently with inconsistent steps.

The pandemic has presumably not caused a massive disruptive shock, as an economic lockdown was avoided, and extraordinarily high infection or death rates were not observed until the end of 2020. The real effects of the pandemic are, however, not known since the government stopped reporting COVID-19 cases and furthermore imposed a strict ban on any independent reporting on the pandemic.

However, the World Bank assumes that COVID-19 has significantly affected the economy, with adverse effects on employment and incomes, particularly in small and informal nonfarm household businesses. The bank estimates that the COVID-19 crisis increased the poor population by 600,000 Tanzanians by the end of 2020.

Structural
constraints

7



During the single-party era, public and civic engagement were monopolized by the ruling party. The vast majority of these organizations tend to directly support their members and refrain from political or civic engagement. The small number of professional CSOs, located mainly in the big cities, are highly dependent on foreign funding and generally lack solid social roots. They also have to navigate between outright opposition to the government and constructive cooperation with the authorities.

The current government has drastically limited the space for CSOs and for civic activity in general. Service delivery groups that align with the government and its policies are still welcomed by the authorities, whereas CSOs that are more critical of the government face increasing restrictions. Attacks by unknown perpetrators, police actions and threats from the authorities have sought to intimidate civil society. CSO actors have been arrested, tortured, abducted and threatened by the authorities.

In addition, several laws that restrict the freedom of association and seek to put civil society under state control have been passed since 2015. Amendments to the NGO Act of 2019 and new NGO guidelines gave – among other officials – a government-appointed registrar wide-ranging discretionary powers to interfere in activities by revoking the registration of NGOs on the basis of undefined, vague terms. The 2020 guidelines oblige NGOs to seek permission from the registrar for foreign funding, and to submit funding contracts with foreign donors to the registrar and the Ministry of Finance and Planning. Quarterly and financial reports are to be submitted to the registrar, and sectoral implementation plans to the responsible ministry.

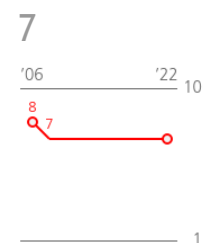
However, many CSO actors are not willing to submit to the new limitations and do not easily concede the civic space they only recently occupied. They are increasingly afraid of the unpredictable consequences of their activities and the threat that someone in the state apparatus may arbitrarily decide that they have stepped over the line.

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

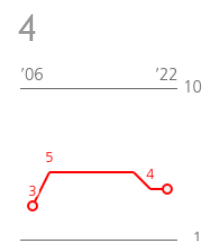
Violent conflicts have, however, increased during the past 20 years, mainly due to the introduction of tougher competition in economic and political spheres, as a result of growing income disparities and the combined effects of growing population numbers and increasing arable land degradation.

The various deep-rooted 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 a serious challenge to peaceful development. Institutionalized cooperation between the two major political parties in Zanzibar, the Government of National Unity – and the opposition party's decision to participate in the GNU, despite its accusation that the

Civil society traditions



Conflict intensity



2020 elections were rigged – has significantly reduced tensions. It has, however, increased the risk that a radical opposition party will emerge.

At the union level, the authoritarian transformation, underway since President Magufuli came to power in 2015, has increased the risk of violent conflict, but without resulting in an escalation of violence so far.

Social exclusion is a major potential source of violence. The countless unemployed young men who lack good perspectives are easy potential targets for radicals.

Another indirectly related problem are tensions between Muslims and Christians, which flare up from time to time. Although the general population lives peacefully in an interreligious context, there are radical groups that 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 livestock herders, necessitating involvement from the state, human rights activists and political entrepreneurs.

II. Governance Performance

14 | Steering Capability

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

The key document 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.

Question
Score

Prioritization

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

The current government has clearly set the achievement of the TDV 2025 goal (i.e., becoming a semi-industrialized, middle-income country dependent on its own resources) as its top policy priority. The government, however, has made clear that in the pursuit of its ambitious development goals, the broadening and deepening of democracy is regarded as a hindrance rather than a valuable priority. As such, previous democratic achievements are under severe threat. Furthermore, President Magufuli made clear that he was not willing to impose any COVID-19-related measures that could jeopardize achieving his economic objectives.

Despite some sporadic criticism of Magufuli's unique approach to the pandemic, there are no outspoken opponents to the government's long-term socioeconomic aims. Still, these aims are often undermined by different actors at various levels of the state apparatus who pursue their own interests. Opposition parties, CSOs, the international community and church leaders, however, strongly oppose the government's authoritarian leadership, which has sought to undermine civic spaces, but do not in principle question the government's development goals. However, erratic, short-sighted decision-making by leading government representatives, particularly the president, may endanger the achievement of these long-term goals.

The government has proven able to realize most of its macroeconomic objectives. Although annual GDP growth lags behind the envisaged 8% rate, in mid-2020, Tanzania officially achieved the status of a lower middle-income country, five years ahead of plan. This achievement is threatened by the effects of the COVID-19 pandemic. Also, most of the planned infrastructure projects have been realized or are underway.

The outcomes of the Big Results Now Initiative under the previous government were disappointing.

Serious implementation deficits are due to several factors: the government's sometimes unclear, counterproductive and contradictory policy decisions; an underpaid, unmotivated and frightened administration, particularly at the lower levels; a huge gap in knowledge and competences between higher and lower administrative levels; high personnel turnover in state administration; a top-down management culture of the state administration with increasing centralization of decision-making; and corruption, theft, nepotism, embezzlement, negligence and impunity, which have been reduced under Magufuli, but have not disappeared. The

Implementation

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budget targets for development projects are regularly not met due to the low implementation capacity of state institutions.

The current government is working hard to tackle obstacles to the successful implementation of its development programs. Visible improvements have been made in respect to physical infrastructure (particularly roads), equipment of schools and hospitals, reliability of electricity, better management of public resources, and the efficiency and work discipline of the state administration. According to the president, more than 3,000 new industries have been established since he took office in 2015.

The current government demonstrates very limited willingness for policy learning. The power of decision-making has become centralized under the Magufuli presidency, with Magufuli (nicknamed “the bulldozer”) having a reputation for being immune to advice. Many policies are rigidly enforced despite concerns expressed from inside and outside the country. This became obvious once more during the COVID-19 pandemic, when the government pursued its unique handling of the pandemic and displayed remarkable resilience against any kind of critical questioning from inside or outside the country, including the WHO. To suppress criticism, new legislation in July 2020 banned the publication of information about the pandemic without the approval of the authorities. Several media outlets were banned or fined, and journalists suspended for reporting about the COVID-19 pandemic.

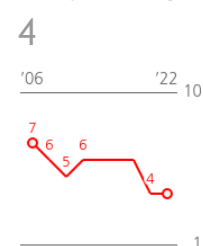
However, in some cases the government has adjusted measures after obvious failings. Due to the intense political confrontation between the CCM government and all opposition parties, there is very limited space and willingness for open dialogue even on supposedly non-political issues of development. The government is shy of accepting even professional criticism (e.g., from the auditor-general) and tends to act in an authoritative fashion without listening to dissenting voices.

The government’s rigid course can partly be explained as a reaction to the many previous policy failures and implementation deficits, but this approach does not augur well for better performance in the future or greater willingness to learn from mistakes.

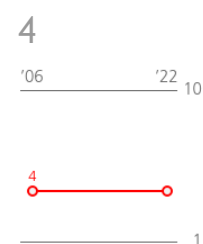
15 | Resource Efficiency

In its vigorously pursued drive to stop theft, embezzlement and the waste of public funds, the government has introduced strict measures to reduce expenses and has in this way made funds available for development purposes. Nevertheless, the recurrent expenditure part of the budget still far outweighs expenditures for capital spending, and the number of civil service staff is excessively high and has not been reduced. In recent years, significant results have been achieved in increasing domestic revenue through improvements in tax collection.

Policy learning



Efficient use of assets



It is, however, doubtful whether structural causes of inefficiency have really been tackled, and to what extent spontaneous political decisions do in fact thwart the efficient use of resources.

The country's human and organizational resources are by and large not efficiently used. The state administration has been weakened by the ongoing centralization of decision-making with the president, who has proved to be prone to unpredictable actions. The constant threat against politicians and civil servants of being fired if the president becomes dissatisfied with their performance has paralyzed decision-making and efficiency in public administration.

Despite several reform programs to strengthen the administration's competence, efficiency and transparency, many (if not most) civil servants are still insufficiently competent, poorly trained and lack motivation, particularly at the regional, district and local levels.

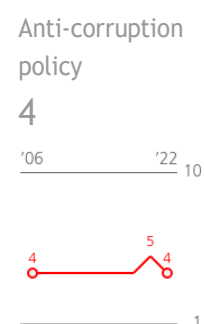
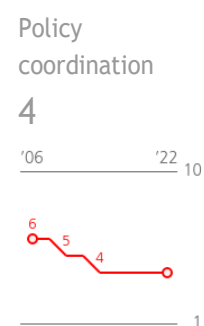
According to the IMF, Tanzania's public debt-to-GDP ratio has steadily increased from 27.2% of GDP in 2010, reaching 38.5% by the end of 2020.

Generally, the government has structures and mechanisms in place to coordinate policies and conflicting objectives. Interministerial cooperation is, nevertheless, rather poorly institutionalized and leaves considerable room for improvement. The State House (President's Office) and the Treasury serve, albeit inadequately, as centers to coordinate between conflicting interests. The existing coordinating structures and mechanisms are currently somewhat blocked as a result of the strong and dominating President Magufuli.

The design of policies usually involves the ministries and departments concerned, at least at the highest levels of the national government. There is also supposed to be regular policy coordination between the national, and regional, district and local levels, but this is highly deficient and frequently undermined by local self-interests. Such self-interests are hard to monitor and control from the center. The sheer size of the country means that making improving policy cohesion throughout the territory is difficult.

Tanzania has an elaborate legislative and institutional framework to combat corruption. Several laws include clauses that aim to prevent corruption. In 2017, the government launched Phase III of the National Anti-Corruption Strategy and Action Plan (NASCAP III) 2017 to 2022, after Phase II had ended in 2011 with very limited success. However, NASCAP established several anti-graft institutions, such as the National Steering Committee, the National Anti-Corruption Forum and various integrity committees at all administrative level.

The Prevention and Combat of Corruption Bureau (PCCB), established in 2007 as the main agency for preventing and fighting corruption, is tasked with providing anti-corruption training and education, investigating allegations of corruption, and



prosecuting offenders. Despite the agency's increased budget, the PCCB is constrained by poor investigative capacities. Several prominent scandals have not been investigated. In 2016, the government established the Economic, Corruption and Organized Crime Department at the High Court with specifically trained judges. In his fight against corruption, fraud and related crimes, the president pursues a top-down approach, which aims to remove corrupt individuals rather than systematically tackling underlying structural factors. Furthermore, the government's authoritarian leadership style has weakened stakeholders, like CSOs, the media and parliament, which had previously played important roles in uncovering corruption. Access to information is severely restricted through various laws and an authoritarian political practice.

In July 2017, the government withdrew its membership from the Open Government Partnership initiative, which it had joined in 2011. In November 2019, President Magufuli replaced the controller and auditor-general (CAG), after he criticized parliament's alleged inactivity in following up on his audit reports, which revealed financial discrepancies amounting to more than \$1 billion.

16 | Consensus-Building

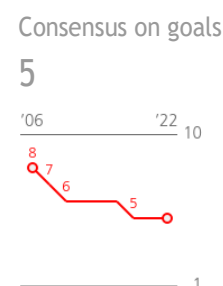
The major political actors disagree to a considerable extent on the practical pursuit of the country's political transformation, but not necessarily on the basic acceptance of a democratic system of governance. The current government, allegedly in the interests of furthering a development agenda, has pursued an autocratic form of transformation, imposing drastic limitations on the political and civic space, and demonstrating only a limited appreciation for human rights. This authoritarian streak is strongly rejected by the opposition parties, civil society organizations and sections of the general population. While there exist some dissenting voices in the ruling CCM party, critics of the authoritarian transformation have largely remained silent.

Since 2016, the government has introduced several restrictive laws, which have greatly undermined standard democratic rights, and which were strongly rejected by opposition parties and civil society organizations.

Particularly civil society actors have demonstrated their commitment to fundamental aspects of democracy and the rule of law.

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

The ruling CCM party in particular uses its dominant history and position in the political system to undermine democratic values and procedures. Since 2016, state organs, which are deeply interwoven with the long-ruling CCM, 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 elections of 2019 and 2020 were marred by irregularities and reinforced the impression that the ruling party has no genuine interest in allowing democracy, if it poses a threat to the party's dominant position. But opposition parties have also shown that they have just as limited a commitment to genuine democratic values and practices, especially when it comes to internal procedures for filling leadership positions or handling intraparty conflicts.

The decisive actors generally agree on the goal of transforming the country into a semi-industrialized, middle-income country. There is, however, disagreement about the road to achieving this goal and dissenting opinion about the government's economic course, with its authoritarian, sometimes nationalist, anti-entrepreneurial and erratic decisions.

Currently, the main anti-democratic actors are within the government and the ruling party. Under previous governments (until 2015), the ruling CCM party had been a powerful and independent player, which was able to influence policies and limit the government's executive power. However, the President Magufuli, who is also the CCM chairman, has been able to re-arrange the party and bring it largely under his control. There are still some dissenting party leaders, but they don't criticize the government openly. The key party organs have come to fully fall in line with President Magufuli. Opposition parties and civil society organizations have hardly any possibilities or opportunities to effectively challenge the authoritarian transformation of the state.

The judiciary still has formal powers to challenge the authoritarian transformation and it continues to exercise this function to some important extent. Other potential veto powers (e.g., the military or civil service) have either remained silent or are supportive of the government. Independent media still exist but have become cautious due to threats against media outlets and practitioners the authorities regarded as too critical of the regime.

Under present circumstances, there are no clearly identifiable pro-democracy forces that are in an effective position to push for renewed democratic reforms. At best, they can try to defend the status quo.

Anti-democratic actors



There are no politically significant deep-rooted ethnic, religious or separatist cleavages in Tanzania – with the exception of Zanzibar. Moderating conflict and integrating different interests have long been characteristics of politics in Tanzania – sometimes at the expense of more substantial reform policies.

Increasing threats to the ruling CCM party's dominant position and the president's focus on development have, however, significantly reduced the leadership's willingness to moderate conflict. The current government acts more aggressively and divisively toward conflict and shows very little willingness to acknowledge the valid interests of opponents. This applies to conflicts with civil society representatives and opposition parties regarding democracy, human rights and diverging policy issues; to conflicts with the business community regarding economic policies; and to the sensitive Zanzibar conflicts. The current leadership displays a confrontational and destructive understanding of conflict and tends to suppress conflict by force.

The 2010 amendment to the Zanzibar constitution, which provided for the formation of the Government of National Unity (GNU), including all political parties which are represented in the Zanzibar parliament, powerfully helped to reduce tensions between supporters of the islands' two main parties. The situation worsened after the 2015 elections, when the Zanzibar Electoral Commission declared the elections void and ordered a rerun, which was boycotted by the main opposition party. Consequently, between 2015 and 2020, the opposition was excluded from the government.

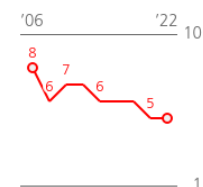
The situation is likely to improve again, since – despite disagreement over the credibility of the 2020 elections – the two competing parties and their leaders have demonstrated a willingness to overcome political confrontation and cooperate in Zanzibar's Government of National Unity.

In the decade of Kikwete's presidency (2005 – 2015), the political space for civil society participation grew considerably. 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 in Dar es Salaam. In several other cases (e.g., the formulation of media laws), however, CSOs demands for participation were ignored.

The new Magufuli administration (since the end of 2015) has shown a rather negative attitude toward CSO participation in the political process. The president has displayed a distrust of and aversion to CSOs. He and other high-ranking government officials have repeatedly intimidated and threatened CSOs and their personnel. In June 2019, parliament amended eight laws, including the Companies Act, the NGO Act, the Societies Act, the Statistics Act, and the Films and Stage Plays Act. The amendments increased government control over NGOs, the arts and economic sectors. Government-appointed registrars were given wide-ranging discretionary powers that

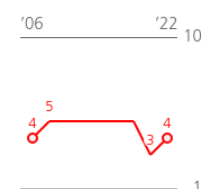
Cleavage /
conflict
management

5



Civil society
participation

4



allow them to interfere in the activities companies and NGOs by revoking their registrations on the basis of undefined and vague terms. The government, however, argued that the new legislation aimed at increasing transparency, accountability and the orderly conduct of political parties, NGOs, companies, media outlets and other associations.

Despite the leadership's hostile attitudes toward CSOs and the increased risks under which CSOs have come to operate recently, civil society actors still have some room to participate in the political process. This applies mainly to cases in which CSOs work on issues that align with government policy interests. Senior political leaders explicitly expect CSOs to support the government's implementation of its policies.

Depending on the topic and the respective personnel in the concerned governmental authority, CSOs are still invited to critically but constructively contribute to policymaking, monitoring and implementation.

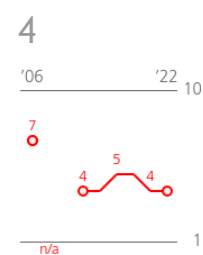
In the conventional sense, mainland Tanzania does not have a history of acts of injustice resulting in victims and perpetrators and forcing the political leadership to bring about reconciliation.

The historical disparity in educational opportunities between Muslim and Christian communities has never reached crisis proportions, although it has been an ongoing concern for long. Consecutive governments, 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 Christian schools are also open to non-Christian students, many Muslims hesitate to send their kids there. This reinforces an historical disparity, which Muslim leaders often complain about.

The situation is different in Zanzibar. Memories of the "1964 Revolution" – in which the Sultan's government was toppled, between 5,000 and 15,000 people were killed, and thousands were exiled and expropriated – have up to now been manipulated by the victorious societal group, which has held power since then. There have been no attempts to reconcile the various victims, or to allow an interpretation of these violent events that differs from the official narrative. Furthermore, mainly during election campaigns, the ruling CCM party manipulates history to agitate against the main opposition party, which it accuses of planning to re-introduce the pre-revolutionary order.

Meanwhile, no efforts have been made to reconcile various post-revolution injustices, such as repressions during the autocratic rule of the first Zanzibar president Abeid Karume (assassinated in 1972), or more recent human rights violations against members and supporters of the opposition.

Reconciliation



17 | International Cooperation

With the Tanzania Development Vision 2025 (TDV 2025), the government has a clear vision for the country's economic and social development. Medium- and long-term implementation strategies have been developed, as have several sector reform programs, plans, policies and strategies.

Consecutive governments have for many years cooperated constructively with a wide range of bilateral and multilateral donors to promote Tanzania's transformation to democracy and a market economy. In this, governments have made the most use of international aid and cooperation and seem to have undergone a substantial learning process. This also applies to South-South cooperation, for example, when the government sought expertise from Malaysia to formulate its "Big Results Now Initiative" in 2012, which however achieved only limited results.

The Magufuli government has occasionally expressed skepticism regarding the value of international cooperation and its implicit consequences on domestic issues. Despite stressing his willingness (an unavoidable necessity) for continued close cooperation with Tanzania's international partners, the president has on several occasions made it clear that he considers international criticism an undesired political interference and that he intends to reduce foreign influence. Tanzania continues, however, to be heavily dependent on very substantial aid flows and investments from abroad.

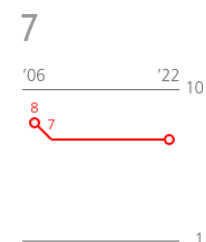
Key official development assistance (ODA) donors include the IMF, the World Bank, the United States, Japan, the African Development Bank (AfDB), the United Kingdom, several other European countries and the European Union. The dependency of the national budget on ODA has over the years been reduced to about 15% from about 40% a decade ago.

For many years, Tanzania's international partners had a reliable and largely predictable view of the government. Bilateral and multilateral development partners tended to view Tanzania positively. The government used to comply with its international commitments. Numerous cases of largescale corruption, which were revealed during Kikwete's presidency, however, created doubts concerning the government's credibility.

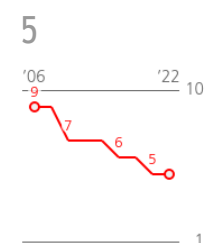
When President Magufuli assumed office in October 2015, his strong stance against corruption, waste of public resources and related problems initially restored donor confidence in the government's credibility.

But this confidence has since severely deteriorated. Key donors question the government's commitment to democratic principles and to an inclusive development agenda. They have expressed clear concern about the ongoing authoritarian

Effective use of support



Credibility



transformation with constant violations of democratic principles, human rights and the rule of law, and have withheld or canceled aid disbursements.

The government's handling of the COVID-19 pandemic further tarnished Tanzania's reputation as a reliable partner. The Magufuli administration persistently refused to comply with the international requirements to report COVID-19 case numbers, which was strongly criticized by the WHO, the Africa CDC and the country's donor community. Earlier, in September 2019, the WHO had already complained of Tanzania's refusal to fully cooperate in a suspected Ebola case. In November 2020, the chairman of the European Parliament's Committee on Foreign Affairs demanded information regarding how the Tanzanian government had used the EU's COVID-19-related funds and relief packages, considering that the country had declared itself free from the virus and had refused to cooperate with international health bodies. Tanzania's foreign minister rejected those demands as undue interference in the country's internal affairs. The president himself tends to encounter criticism from abroad with an anti-Western rhetoric, conspiracist remarks and allegations of Western imperialism.

In addition, also the government's unclear, erratic, anti-entrepreneurial and nationalist economic decisions have alienated Tanzania's international partners, and FDI has waned in recent years.

Tanzania has frequently delayed delivery of reports to monitoring institutions.

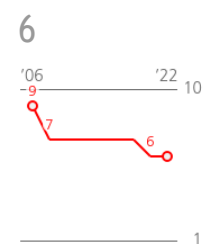
Tanzania generally maintains good relations with all its neighbors and is a member of various international political and economic organizations in Southern and Eastern Africa, most importantly the EAC and SADC. However, the African Regional Integration Index sees Tanzania as a low average performer in both blocs.

President Magufuli's administration displays an active and pragmatic approach toward the EAC integration process and focuses on business cooperation and joint infrastructure projects. The country's formerly strained relations with Rwanda have significantly improved.

However, relations with Kenya have cooled under Magufuli's presidency due to business competition, recurring trade disputes, mutual allegations of business harassment, Tanzania's rejection of the EPA between the European Union and the EAC (which Kenya had already signed), protectionist and nationalist economic decisions, and competition in the construction of important regional infrastructure projects. However, both governments repeatedly reaffirm their commitment to further strengthening the historically close ties.

Tanzania's regional partners were however increasingly alienated by the country's single-handed response to the COVID-19 crisis. Whereas other presidents of EAC and SADC countries called for joint efforts to tackle the pandemic, Magufuli (who chaired SADC at that time), reacted with hostility to any proposals of cooperation on

Regional cooperation



the matter. Neighboring governments also criticized Tanzania's reluctance to impose measures to contain the spread of the disease. Several countries temporarily closed their borders with Tanzania and accused the Tanzanian authorities of issuing fake negative test certificates to Tanzanian bus and truck drivers crossing borders into neighboring countries.

During the review period, no progress was made to resolve the simmering border dispute with Malawi. During a state visit to Malawi in April 2019, Magufuli stressed the two countries' good neighborly relations and called for the removal of trade barriers between them.

Strategic Outlook

President Magufuli and his administration have demonstrated their commitment to the country's economic development. Furthermore, President Magufuli's administration has attempted to address some of Tanzania's major problems by tackling corruption, theft, waste and the embezzlement of public funds, as well as inefficiencies and low productivity in the public sector. To sustain these efforts – at present mainly pursued by the application of pressure and the creation of an atmosphere of fear – it will be necessary to implement genuine structural reforms in a far more participatory societal climate. The current authoritarian strategies, which concentrate responsibility in one strongman (President Magufuli) and his close aides, may at best be effective in the short run. Efforts should, however, be made to enhance democratic and participatory governance structures and procedures, and to strengthen state institutions, instead of continuously undermining them through the current trend toward highly centralized decision-making.

International partners (and providers of development assistance) should insist that violations of human rights, the rule of law and democratic norms, principles and procedures are not to be tolerated. The current government displays a remarkable degree of immunity to advice and rejects criticism as undesired interference in its internal affairs. Although it is obvious that the government's repression of political opposition, civil society representatives, media and ordinary citizens, as well as the handling of the COVID-19 pandemic, are counterproductive both in the short and the long term, it will be difficult to impress upon the president the need to soften his heavy-handed approach. It should, however, be the responsibility of development partners to robustly remind the government of its need to respect human rights and the principles of international cooperation and responsibility.

Concerning economic issues, Tanzania is by and large on the right track. The rolling Five-Year Development Plans are suitable guidelines. However, the country's newly achieved lower middle-income status is fragile. Growth rates have already declined in 2019 and 2020, due to the government's policy decisions and the effects of the COVID-19 pandemic. Although a recovery is expected in 2021, growth will unlikely be sufficient to reduce Tanzania's deeply ingrained poverty.

Consistent and predictable business- and investor-friendly economic policies need to be formulated, since the present practice of spontaneous, erratic and contradictory decisions has unintended negative effects and causes uncertainty among potential investors and the business community. Although the emphasis on tax discipline and a reduction of unnecessary public expenditures is commendable, the measures should not threaten the existence of many small businesses. Small and medium enterprises need to be actively supported to promote inclusive growth and to create much-needed jobs, especially in rural areas. The high level of (youth) unemployment poses a latent threat, not only to the economic, but also to the peaceful political development of the country. Much greater emphasis needs to be given to the development and modernization of the huge, neglected agricultural sector. Supporting small-scale farmers could be

an alternative to large agro-industrial investments. Improving the quality of education at all levels and strengthening learning and teaching environments pose major challenges. The same applies to vocational training. Without extensive, broad-based improvement of the population's level of education, no significant increase in Tanzania's overall development standard will be possible.

On March 17, 2021, Vice President Samia Suluhu Hassan announced the death of President Magufuli, who had not been seen in public since late February. Two days later, she was sworn in as his successor, the first female president in East Africa. Within the first few weeks of her presidency, she indicated that she intended to deviate from her predecessor's course in several areas. She ordered the ban on media lifted, cautioned tax officials to stop harassing business-people and announced the formation of a committee to develop a science-based COVID-19 response. Although her first decisions as president have been promising (and welcomed by CSOs, media and the opposition), it is much too early to assess whether she is willing and able to dismantle Magufuli's authoritarian system, including abolishing repressive legislation.