

AFRICA RISK CONSULTING

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Tanzania Summary 7 June 2020

Tanzania continues to buck international norms in its handling of the Covid-19 pandemic with President John Magufuli (2015-present) urging the country to return to normal. The United States (US) is in hot water with the government of Tanzania after making comments about the spread of the coronavirus and the ability of Tanzania's healthcare system to cope with the crisis, contradicting the narrative that the Tanzanian government is sharing. Canada-based Barrick Gold achieves another milestone in repairing its relationship with the government, after receiving permission to export gold concentrate following an almost three-year standoff that saw concentrate stockpile in-country.

Tanzania opens for business amidst the Covid-19 pandemic ...

Tanzania continues to buck international norms in its handling of the **Covid-19** pandemic. Officially, at time of writing, confirmed cases in the country stand at 509, including 21 deaths. Minister for health, community development, gender, elderly and children, **Ummu Mwalimu** announced on 1 June that there were just four active cases of the coronavirus in the commercial capital of **Dar es Salaam**.¹ However, no new official statistics have been released since 29 April, so actual figures of the virus are likely to be significantly higher, and cases more widespread, than what is being reported. Declining press freedoms (see *ARC Briefing Tanzania May 2020*) mean that narratives contrary to the government are being suppressed. Controversially, President **John Magufuli** (2015-present) fired deputy health minister **Dr Faustine Ndugilulile**, a minister largely viewed as competent, on 16 May, replacing him with Member of Parliament for **Siha**, **Dr Godwin Mollel**.²

Amidst the global pandemic, Tanzania has announced that it is back and open for business, just as neighbouring countries including **South Africa**, **Uganda**, **Kenya** and **Rwanda** are either extending or only slightly relaxing, their lockdown orders. President Magufuli announced on 17 May that cases of coronavirus had reduced dramatically and that the country's universities and restaurants would re-open on 1 June. Magufuli also ordered that hospitals that had been converted to treat coronavirus patients be returned to their original purposes.³ Measures such as the mandatory wearing of masks in Dar es Salaam are no longer being enforced and police do not appear to be aggressively imposing social distancing guidelines.

The country has also opened up its tourism sector to international visitors. Following concerns raised by natural resources and tourism minister **Hamisi Kigwangalla** that up to 470,000 jobs could be lost if the pandemic continues past October of this year,⁴ the government announced on 19 May that it had lifted its ban on international flights entering and leaving the country as well as the mandatory 14-day quarantine period for anyone entering the country.⁵ By 2 June, **Ethiopian Airlines** had restarted flights and plans are underway for airlines including **Emirates**, **Qatar Airways** and **Turkish Airlines** to resume flights in the coming weeks.⁶ The opening up of the sector, just in time for high-season,

¹ The Citizen, 1 Jun 2020

² The East African, 17 May 2020

³ The Citizen, 17 May 2020

⁴ The Citizen, 8 May 2020

⁵ The Citizen, 19 May 2020

⁶ The Citizen, 2 Jun 2020

contradicts global trends and the practices of all neighbouring countries, with Tanzania most likely trying to capitalise on its tourist attractions whilst other countries remain closed to visitors.

Tanzania's unique approach to tackling the coronavirus pandemic is causing regional tensions, particularly with neighbouring Kenya. The announcement on 17 May that Kenya was closing its borders to Tanzania and **Somalia** resulted in a diplomatic standoff between the two countries.⁷ In response to the decision, which caused shockwaves on both side of the often porous border, **Arusha** (Tanzania) regional commissioner **Mrisho Gambo** issued a controversial press statement claiming that Kenya was falsifying the Covid-19 test results of Tanzanian truck drivers entering Kenya, alleging that many more were reported as positive than was in fact true – a practice he put down to “*economic sabotage*”.⁸ Tanzania's relaxed approach to curtailing the spread of the virus is likely to continue causing tension with regional neighbours, with many concerned that the gains made by their own strictly imposed lockdown measures will be undermined by their porous borders with Tanzania.

US in hot water in Tanzania

The **United States (US)** is using diplomatic channels to demonstrate its frustration at the Tanzanian government's response, or lack thereof, to the coronavirus pandemic. On 25 May, the embassy published a stark warning to its remaining citizens in Tanzania, highlighting that the government has released no official statistics on case numbers since 29 April:

“The risk of contracting COVID-19 in Dar es Salaam is extremely high. Despite limited official reports, all evidence points to exponential growth of the epidemic in Dar and other locations in Tanzania. The Embassy has strongly recommended that U.S. government personnel and their families remain at home except for essential activities (e.g., grocery shopping) and substantially limit into private homes the entry of anyone but regular residents. Many hospitals in Dar es Salaam have been overwhelmed in recent weeks. Limited hospital capacity throughout Tanzania could result in life-threatening delays for medical care, including for those with COVID-19.”⁹

The strongly worded statement contradicts the narrative of the Tanzanian government. The statement resulted in the Ministry of Foreign Affairs and East African Cooperation summoning US Charge d’Affaires **Dr Inmi Patterson** to discuss the press release.¹⁰ The embassy clearly heeded the ministry's advice, publishing a softer statement on 2 June. Although the revised warning reiterated that the government was not releasing official statistics, it instead spoke of “*presumed*” community transition, softened the language around movement of Americans, and said that hospitals “*can*” become quickly overwhelmed, rather than stating that they had in fact already been overrun.¹¹ The original statement of 25 May remains on the embassy website and social media pages. The US government, via the **United States Agency for International Development (USAID)**, has also announced a commitment of \$3.6m to assist Tanzania fight the coronavirus.¹² USAID will no doubt retain a high degree of control over how and where that money is spent.

There is increasing concern among foreign governments of Tanzania's handling of the Covid-19 pandemic. President Magufuli's tendency to become agitated and inward focused when criticised by foreign governments or institutions hinders constructive engagement. Additionally, organisations such as the **World Health Organisation (WHO)** have been very quiet in the public domain about President Magufuli's controversial approach to tackling the virus, no doubt reminded of the lack of cooperation afforded to the organisation in September 2019 when there were suspected cases of **Ebola** in Tanzania. Fear of Tanzania further removing itself from international norms and bodies will

⁷ The Citizen, 17 May 2020

⁸ The Citizen, 20 May 2020

⁹ US Embassy Tanzania, 25 May 2020

¹⁰ The Daily News, 27 May 2020

¹¹ US Embassy Tanzania, 2 Jun 2020

¹² The Citizen, 4 Jun 2020

drive the actions of multilateral institutions and foreign governments that are keen to retain a degree of influence over the current administration's thinking.

Barrick Gold's golden handshake

Canada-based **Barrick Gold**, via its Tanzanian subsidiary, **Twiga Minerals**, has made further progress in repairing its fractured relationship with the Tanzanian government. Twiga Minerals announced on 25 May that after nearly three years in limbo, it was able to resume exporting its gold concentrate that stood at a stockpile of 1,600 containers, collected from the **Bulyanhulu** and **Buzwagi** mines. The press release indicated that the concentrate was exported in April, a fact well known within industry circles; however, the reason for the delay of the announcement remains unknown.¹³ The lifting of the ban, along with the settlement of legacy land claims emanating from the company's **North Mara** mine site, was the trigger for the company to release \$100m to the government, the first tranche in the \$300m settlement to resolve all outstanding disputes that Barrick inherited when it fully acquired **Acacia Mining** in 2019. Subsequent payments to the government are scheduled in five annual instalments of \$40m. Barrick Gold CEO **Mark Bristow** applauded the recent developments, noting that:

"This is a striking example of what a true partnership can achieve in building a sustainable business capable of creating long-term value for all stakeholders."¹⁴

This latest milestone comes after Barrick Gold and the government publicly ended the long-running dispute that started between Acacia Mining and the government in 2017, via the signing of a partnership agreement on 24 January (see *ARC Briefing Tanzania February 2020*).¹⁵ Neither party has explained why it took three months from the signing of the agreements until the concentrate was permitted to be exported, but rumours circulated in the mining sector of negotiations around the value of the concentrate, and therefore the amount of royalties due to the government.¹⁶ Another thorn in the relationship between the two parties is the ongoing detention of three former Acacia Mining executives on charges of economic sabotage, including counterfeiting and tax evasions.

Stakeholders in Tanzania's struggling mining sector view the export of the concentrate positively. Although recent increases in the price of gold have buoyed the sector's fortunes, on-going delays of strategic projects, such as the protracted delay in issuing **Special Mining Licences** (granted when the Capex of a project is in excess of \$100m) to **Australia-based OreCorp** and **Peak Resources**, continue to frustrate the market. Additional issues that continue to hamper the growth of the sector include the government's failure to clarify how its new 16% free carried interest in mining projects will be structured, continuing delays around VAT refunds, and the at times glacial pace of decision making by the **Mining Commission**.

There is growing concern that politicians will become increasingly inward-looking for the rest of 2020. Parliament is due to be dissolved on 19 June and campaigning for pre-selection and ultimately the October general election will move into full swing, potentially leaving many significant decisions in the sector unresolved until 2021. In the short term, however, the focus is on the upcoming annual budget, due to be released on 11 June, and the **Finance Act**, to see if the government announces any further changes to the mining sector.

¹³ Mining Weekly, 25 May 2020

¹⁴ Barrick Gold press release, 25 May 2020

¹⁵ Reuters, 24 Jan 2020

¹⁶ ARC source, Tanzania analyst

Planner

11 Jun 2020 **(Tanzania)** The national budget is read;
 19 Jun 2020 **(Tanzania)** Parliament is dissolved;
 7 Jul 2020 **(Tanzania)** Saba Saba Day (National Holiday);
 8 Aug 2020 **(Tanzania)** Nane Nane Day (National Holiday);
 14 Oct 2020 **(Tanzania)** Nyerere Day (National Holiday); and
 October 2020 **(Tanzania)** General elections.

Chronology

4 Jun 2020 **Dar es Salaam (Tanzania)** *The Citizen*. The **United States (US)** government, via the **United States Agency for International Development (USAID)**, commits \$3.6m to assist **Tanzania** to tackle the coronavirus;

3 June 2020 **Dar es Salaam (Tanzania)** *The Daily News*. Equity in the **Dar es Salaam Stock Exchange (DSE)** dropped by 73.4% in May due to the **coronavirus** pandemic;

1 Jun 2020 **Dar es Salaam (Tanzania)** *The Citizen*. Health minister **Umy Mwalimu** reports there are only four active cases of **coronavirus** in the commercial capital of **Dar es Salaam**;

29 May 2020 **Dar es Salaam (Tanzania)** *The Daily News*. The Tanzanian shilling continues to perform weakly, falling 0.15% this year to TShs2,303 to the dollar;

29 May 2020 **Dar es Salaam (Tanzania)** *The Daily News*. **Kisutu Resident Magistrates Court** in **Dar es Salaam** finds opposition figure and leader of the **Alliance for Change and Transparency (ATC)** **Wazalendo Zitto Kabwe** guilty of sedition in relation to his linkage of the police force to the death of 100 people in **Kigoma** region;

27 May 2020 **Dar es Salaam (Tanzania)** *The Daily News*. The Ministry of Foreign Affairs and East African Cooperation summons **United States'** Charge d'Affaires **Dr Inmi Patterson** to discuss the most recent government advisory for Tanzania that indicated that numbers of **coronavirus** cases is likely to be significantly higher than those reported by the government;

25 May 2020 **Dar es Salaam (Tanzania)** *Creamer Media's Mining Weekly*. **Canada**-based **Barrick Gold's Tanzania** subsidiary, **Twiga Minerals**, resumes exports of gold concentrate after receiving clearance for its first shipments since the lifting of a government ban imposed during a tax dispute with the mining company;

22 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. **Oxfam International** has closed its office in **Tanzania** as part of its decision to close offices in 18 countries as a cost-saving measure;

22 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. **John Simbachawene** replaces **Dr Pindi Chana** as High Commissioner to **Kenya**;

22 May 2020 **Dar es Salaam (Tanzania)** *The Daily News*. The **European Union** and **Sweden** have contributed TSh155 billion (\$66m) to fund education and health initiatives;

21 May 2020 **Dar es Salaam (Tanzania)** *The Daily News*. President **John Magufuli** announces that universities and colleges will re-open on 1 June;

20 May 2020 **Dar es Salaam (Tanzania)** *The Daily News*. **Stanbic Bank** is to provide debt relief in the form of three- to six-month payment holidays to help its business clients navigate the **coronavirus** crisis;

20 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. The Regional Commissioner for **Arusha**, **Mrisho Gambo**, claims **Kenya** is falsifying **Covid-19** test results of **Tanzanian** truck drivers entering **Kenya**;

19 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania** removes bans on international flights as it prepares to re-open its tourism sector;

18 May 2020 **Dodoma (Tanzania)** *The Citizen*. Speaker of parliament **Job Ndugai** announces that the national budget will be read on 11 June and parliament will be dissolved on 19 June in advance of the October general election;

17 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. **Kenya** closes its borders to **Tanzania** and **Somalia** in an effort to contain the spread of **Covid-19**;

17 May 2020 **Dar es Salaam (Tanzania)** *The East African* Member of parliament for **Siha, Dr Godwin Mollel** replaces **Dr Faustine Ndugilulile** as deputy minister for health;

16 May 2020 **Dodoma (Tanzania)** *The Daily News*. Finance and planning minister **Dr Phillip Mpango** announces details of his ministry's budget, outlining that 84% of the recurrent expenditure, TSh10.48 trillion (\$4.5 billion) is allocated to service debts;

13 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. The **Central Bank of Tanzania** announces a raft of measures to help protect the economy against **Covid-19** and to bring more liquidity to the market;

12 May 2020 **Dar es Salaam (Tanzania)** *The East African*. Industry continues to push for payment of overdue VAT refunds to help them survive during the **Covid-19** pandemic;

11 May 2020 **Dar es Salaam (Tanzania)** *The East African*. **Zambia** closes the border at **Nakonde** with **Tanzania** to help stop the spread of **Covid-19**;

9 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. The energy ministry announces its budget, with 66% of the national budget allocated to the development of the **Julius Nyerere Hydropower Project**;

8 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. Concern over the tourism sector is growing, with natural resources and tourism minister **Hamisi Kigwangalla** announcing that 470,000 jobs may be lost if the pandemic continues past October this year;

5 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania** has sent military troops to the border with **Mozambique** to protect southern Tanzania from any spill-over of conflict from the insurgency in **Cabo Delgado**;

5 May 2020 **Dar es Salaam (Tanzania)** *The Citizen*. The ministry of works, transport and communications tables its budget, prioritising mega-projects such as the standard gauge railway and purchasing new aircraft for state-owned **Air Tanzania Company Limited**.

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