

AFRICA RISK CONSULTING

Tanzania Monthly Briefing February 2021

Tanzania Summary 5 February 2021

President John Magufuli (2015-present) continues to take an unconventional approach to tackling Covid-19, instructing Tanzanians to be wary of vaccines produced by foreign countries. The government is imposing no social distancing or lockdown measures and has not published accurate statistics on the spread of the virus since April 2020. Tanzania appears to be warming to further Chinese investment, signaled by a visit of China's foreign minister, Wang Yi, and an agreement for China-based companies China Civil Engineering Construction (CCEC) and China Railway Construction Company (CRCC) to lead the construction of the portion of the standard gauge railway between Mwanza and Isaka. Tanzania has improved its score and ranking in Germany-based non-governmental organisation Transparency International's Corruption Perceptions Index, now ranking 94th out of the 180 countries surveyed.

Magufuli continues to buck the Covid-19 trend ...

President **John Magufuli** (2015-present) continues to take an unconventional approach to managing the global **Covid-19** pandemic. **Tanzania**, unlike virtually every other country in the world, does not release statistics on the number of confirmed cases or deaths in the country. The last official tally was released on 29 April 2020, with 509 cases confirmed and 21 deaths.¹

Magufuli has long taken a unique approach to managing the crisis. The country has largely avoided any government-imposed lockdowns, curfews or social distancing measures. Speaking at a rally in his hometown of **Chato** on 27 January, Magufuli warned Tanzanians against accepting Covid-19 vaccinations. In a speech translated from Swahili to English, he noted:

*"You should stand firm. Vaccinations are dangerous. If the White man was able to come up with vaccinations, he should have found a vaccination for Aids by now; he would have found a vaccination of tuberculosis by now; he would have found a vaccination for malaria by now; he would have found a vaccination for cancer by now."*²

Magufuli further cautioned that Tanzanian laboratories would need to verify vaccines before approving them for administration within the country. Magufuli further noted that:

*"The Health ministry must know that not every vaccination is meaningful to our nation. Tanzanians must be mindful so that we are not used for trials of some doubtful vaccinations which can have serious repercussions on our health."*³

Creating confusion and scepticism around the efficacy and safety of vaccinations could cause broader public health issues in Tanzania. There is concern that the president's most recent speech will cause some parents to second-guess their decisions to vaccinate their children against a host of diseases when they are born and in their early years. Magufuli's latest speech is trickling down to lower levels of government. **Moshi** mayor **Juma Raibu** demanded on 28 January that anyone wearing a mask during the municipal council meeting remove it, stating there is no Covid-19 in Tanzania.⁴

¹ BBC, 8 Jun 2020

² The Citizen, 27 Jan 2021

³ The Citizen, 27 Jan 2021

⁴ The Citizen, 28 Jan 2021

Obtaining an accurate Covid-19 test result in Tanzania is challenging. Health minister **Dorothy Gwajima** announced on 7 January that fees for travellers to obtain a **Polymerase Chain Reaction (PCR) Test** for Covid-19 in order to travel outside Tanzania had increased to Tsh230,000 (\$100) (private clinics apply their margin on top of this).⁵ There are also anecdotal reports that it is virtually impossible to get a “positive” test result. Rather, people are either not receiving results, or being told they are “not negative” and asked to return for re-testing seven days later.⁶

Concern about how Tanzania is managing the virus saw the **United Kingdom (UK)** announce on 21 January that it would ban all arrivals – except British and **Irish** citizens and residents – from Tanzania and the **Democratic Republic of the Congo (DRC)** due to fears that the **South African** variant of the virus is present in those countries.⁷ There is growing concern in Tanzania that some of its regional neighbours, such as **Kenya, Uganda** and **Rwanda**, which have undertaken harsh lockdowns in order to suppress the spread of the virus, may consider closing their borders with Tanzania.

Amidst growing concern within the country, spread anecdotally in the absence of official statistics, that cases are on the rise, the economy continues to grow. As Tanzania’s regional neighbours continue to borrow heavily and see shrinking growth forecasts, the **World Bank** on 7 January revised its growth figures for Tanzania, now estimating that its economy will grow by 5.5% in 2020, as opposed to its previous estimates of 2.5%.⁸

... as ties with China strengthen ...

Warming relations with **China** may further boost Tanzania’s economy. China’s state councilor and foreign affairs minister, **Wang Yi**, arrived in Tanzania on 8 January.⁹ The main purpose of the visit was to strengthen economic ties between the two countries. During the visit, Magufuli announced that Tanzania had secured \$1.32 billion in funding for the ongoing construction of the standard gauge railway, with the funding earmarked for the section between **Mwanza** and the **Isaka** dry port. China-based companies **China Civil Engineering Construction (CCEC)** and **China Railway Construction Company (CRCC)** will lead the construction of the railway.¹⁰

The announcement of Chinese involvement in the standard gauge railway is interesting. President Magufuli announced in 2016 that China’s state-funded and state-owned **Exim Bank of China** was funding the entire \$7.6 billion railway project, leading to a presumption in Tanzania that the lead contractors would be Chinese.¹¹ However, the Tanzanian government announced in October 2017 that Turkey-based construction company **Yapi Merkezi** would lead the first section of the railway construction.¹² China subsequently pulled all funding for the project.¹³ The failure of a Chinese company to win the railway construction contract and China’s subsequent removal of funding for the project appeared to signal that relations between China and Tanzania had soured. However, the recent engagement indicates that Tanzania, in Magufuli’s second term in office, may look to China more enthusiastically than during his first five years in power.

Part of this rapprochement may stem from the many mega-infrastructure projects that the Tanzanian government is trying to complete. These include the **Julius Nyerere Hydropower Project** under construction at **Stieglers Gorge** in the **Morogoro Region**, the standard gauge railway, and the new international airport in **Msalato**, just outside the capital of **Dodoma**.

Another motivation for closer ties with China may be linked to Magufuli’s recent calls for debt write-offs for developing countries during the Covid-19 pandemic, including a call for debt cancellation

⁵ The Citizen, 7 Jan 2021

⁶ Source, Tanzania resident

⁷ Reuters, 22 Jan 2021

⁸ The Citizen, 7 Jan 2021

⁹ The Daily News 8 Jan 2021

¹⁰ The East African, 11 Jan 2021

¹¹ The East African, 21 Jul 2016

¹² Rail Journal, 5 Oct 2017

¹³ Rail Journal, 5 Oct 2017

during Yi's visit.¹⁴ China has been writing off debt in recent weeks, announcing in January that Chinese creditors would write off debt worth \$28m to the DRC and provide an additional \$15m in development assistance.¹⁵ China also recently provided **Angola** with three years of debt relief on money owed to Chinese creditors.¹⁶

More cordial relations with China has led many to ask if talks around the stalled **Bagamoyo Port** project will re-commence. The \$10 billion port in Bagamoyo, just 70 km north of the commercial capital, **Dar es Salaam**, was conceptualised under former president **Jakaya Kikwete** (2005-2015). The port was envisaged as a deal between the Tanzanians, the **Omani State General Reserve Fund (SGRF)** and **China Merchants Holding International (CMHI)**.¹⁷ Magufuli has indicated on multiple occasions, and most recently in April 2020, that the terms of the agreement are not favourable to Tanzania. As a result, Tanzania, Oman and China renegotiated the details of the deal multiple times during Magufuli's first term in office, with many presuming that the deal is now off. However, closer ties with China may see renewed interest in development of the port, making it another key strategic investment in China's **Belt and Road Initiative**.

... and corruption scores improve

The Tanzanian government will welcome recent acknowledgement of its efforts to reduce corruption. Tanzania slightly improved its score and ranking in **Germany**-based non-governmental organisation **Transparency International's** annual **Corruption Perceptions Index (CPI)**, released on 28 January. Tanzania ranked 94 out of the 180 countries surveyed on perceived levels of corruption in the public sector, rising two places from the 2019 ranking.¹⁸ The improved ranking comes just after the 13 January reshuffle of the most senior members of the country's anti-corruption taskforce, the **Prevention and Combating of Corruption Bureau (PCCB)**.¹⁹

The CPI assigns countries a score out of 100, with 100 being very clean and 0 being very corrupt. Tanzania scored 38 in the 2020 survey, one point higher than its 2019 score, and a three-point increase since 2012.²⁰ Tanzania scored slightly above the continent-wide average of 32, a score that makes **sub-Saharan Africa** the lowest ranking region.

TI 2020 CPI Rankings for Tanzania					
	2020	2019	2018	2017	2016
Ranking	94/180	96/180	99/180	103/180	116/176
Score	38	37	36	36	32

The best performer in sub-Saharan-Africa was the **Seychelles** with a score of 66, with **Botswana** coming in second with a score of 60. **Sudan**, **Somalia** and **South Sudan** fared worst, with scores of 16, 12 and 12 respectively. Tanzania ranked fairly well compared to its regional neighbours with Kenya ranking 124th, Uganda 142nd and **Burundi** 165th. Rwanda was a standout performer ranking 49th.²¹

TI CPI Rankings 2020: Regional comparison (EAC)					
	Burundi	Kenya	Rwanda	Tanzania	Uganda
Ranking	165/180	124/180	49/180	94/180	142/180
Score	19	31	54	38	27

¹⁴ The Citizen, 9 Jan 2021

¹⁵ South China Morning Post, 7 Jan 2021

¹⁶ South China Morning Post, 18 Jan 2021

¹⁷ Reuters, 23 May 2019

¹⁸ Transparency International, 2020 and 2021

¹⁹ The Citizen, 3 Jan 2021

²⁰ Transparency International, 28 Jan 2021

²¹ Transparency International, 28 Jan 2021

Tanzania's strong regional score and progressive improvement on the CPI are in large part due to President Magufuli's efforts. Magufuli came into power following an anti-corruption campaign, and unlike many regional neighbours, he has managed to fulfil many of his election promises. He presided over an election campaign in 2020 that was quite even-handed, and has not aggressively used anti-corruption rhetoric as a tactic to target political rivals. For all the criticism that has been levelled at Magufuli, both domestically and internationally, it is broadly recognised that corruption in both the private and public sectors has decreased during the past five years. This decrease, if coupled with a conducive operating environment, could help to attract and maintain investment in Tanzania in the coming years.

Planner

Feb 2021 **(Tanzania)** Commencement of construction of **Uganda-Tanzania** oil pipeline
 7 Apr 2021 **Tanzania** Karume Day (national holiday)
 26 Apr 2021 **Tanzania** Union Day (national holiday)
 2025 **(Tanzania)** General elections

Chronology

4 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The government of **Zanzibar** has signed a memorandum of understanding with **Spain**-based company **Intertorco Group** to conduct feasibility studies on port projects in **Mpiga Duri, Unguja** and **Pemba** as well as the feasibility of a gas generation project;

2 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Health minister **Dorothy Gwajima** says government has no plans to receive **Covid-19** vaccines;

31 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **Norwegian** state-owned oil company **Equinor** has written down the value of its investment in **Tanzania's** planned liquefied natural gas project by \$982m, citing delays and project economics;

29 Jan 2021 **Unguja (Tanzania)** *The Citizen*. **Zanzibar** president **Hussein Mwinyi** oversees the signing of a memorandum of understanding with the **Oman Investment Authority** for the construction of a port in the Isles;

27 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Central Bank of Tanzania** has issued restrictions on banks' operating costs and non-performing loans;

27 Jan 2021 **Dar es Salaam (Tanzania)** *The East African*. President **John Magufuli** warns **Tanzanians** against rushing to accept **Covid-19** vaccines developed by foreigners;

26 Jan 2021 **Arusha (Tanzania)** *The Citizen*. Construction of two roads totaling 252km connecting **Uganda** and **Tanzania**, funded by the **African Development Bank**, is due to commence shortly;

25 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **Ethiopia's** President **Sahle-Work Zewde** visits **Tanzania** to meet with her counterpart, President **John Magufuli**;

23 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **United States (US)** President **Joe Biden** removes **Tanzania** from the list of countries where citizens are unable to participate in the visa lottery system;

22 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **High Court** has ordered **Tanzania**-headquartered **Serengeti Breweries Limited** to pay TSh513m (\$221,000) for breaching a distribution and supply agreement;

21 Jan 2021 **Dar es Salaam (Tanzania)** *The East African*. The **United States Department of State** announces visa bans on selected **Tanzanian** officials due to irregularities in the October

general elections;

19 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Tanzania** government signs an agreement with privately owned **United Kingdom**-headquartered **LZ Nickel** to develop the **Kabanga** nickel project;

18 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Speaker of the national assembly **Job Ndugai** announces the formation of 17 standing committees of parliament;

18 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Government-owned **Air Tanzania Company Limited** announces an interline agreement with **India's** government-owned **Air India**;

13 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Prevention and Combating of Corruption Bureau (PCCB)** announces a significant reshuffle within its ranks in an attempt to improve efficiency;

12 Jan 2021 **Arusha (Tanzania)** *Daily News*. The **Tanzania Wildlife Management Authority (TAWA)** is preparing to auction 30 hunting blocks electronically, commencing on 8 February;

11 Jan 2021 **Dar es Salaam (Tanzania)** *The East African*. President **John Magufuli** announces that **Tanzania** has secured \$1.32 billion in funding for the ongoing construction of the standard gauge railway, with the funding earmarked for the stretch between **Mwanza** and the **Isaka** dry port; **China**-based companies **China Civil Engineering Construction (CCEC)** and **China Railway Construction Company (CRCC)** will lead the construction of the railway;

11 Jan 2021 **Dar es Salaam (Tanzania)** *The Daily News*. **Mozambique's** President **Filipe Nyusi** arrives in **Tanzania** to discuss mutual security concerns with President **John Magufuli**;

8 Jan 2021 **Dar es Salaam (Tanzania)** *The Daily News*. **China's** state councilor and foreign affairs minister **Wang Yi** arrives in **Tanzania** to help strengthen relations between the two countries;

7 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **World Bank** has revised its growth figures for **Tanzania**, now estimating that the economy will grow by 5.5% in 2021, up from previous estimates of 2.5%;

7 Jan 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Health minister **Dorothy Gwajima** announces that the cost of **Covid-19** test for travelers leaving **Tanzania** has increased to TSh230,000 (\$100).

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