

AFRICA RISK CONSULTING

Tanzania Monthly Briefing March 2022

Tanzania Summary 7 March 2022

Tanzania opts to abstain from a vote at the United Nations (UN) General Assembly to deplore Russia's actions in Ukraine. The Tanzanian government works to repatriate its citizens from Ukraine and vice versa. President Samia Suluhu (2021-present) conducts state visits to Belgium and France, signing multiple soft loans and meeting with exiled leading opposition figure Tundu Lissu. President Suluhu and a 400-strong delegation of Tanzanian businesspeople attend Dubai Expo in the United Arab Emirates, with Tanzanian public and private institutions signing a total of 36 memoranda of understanding totaling \$7.49 billion. Leading opposition party Chadema leader Freeman Mbowe is released from jail after almost seven months' imprisonment, after charges relating to economic sabotage and terrorism are dropped. President Suluhu says Tanzania will seek to manufacture its own vaccines amid largely unchanged Covid-19 figures and containment strategy.

Russia's invasion of Ukraine impacts Tanzania ...

The conflict in **Ukraine**, sparked by **Russia's** invasion of its western neighbour, has global implications, including for **Tanzania**. During a vote at the **United Nations (UN) General Assembly** to condemn the invasion, Tanzania opted to abstain, making it just one of 35 countries that abstained, with 141 voting in favour and five countries voting against the motion.¹ While the Tanzanian government did not provide a statement, the country's history of neutrality, specifically its historical ties to the non-aligned movement and perhaps Russia's assistance to the liberation movements of **Southern Africa**, many of which were in turn assisted by Tanzania, could have motivated the decision to abstain. Other **East African Community (EAC)** countries that chose to abstain from the vote were **Uganda** and **South Sudan**, with **Rwanda** and **Kenya** voting in favour of the motion to condemn Russia's actions. Several other **African** countries chose to stay neutral, including **South Africa**, **Zimbabwe**, **Madagascar**, **Mozambique** and **Namibia**. The only African country to vote against the resolution was **Eritrea**.

Tanzania's ministry of foreign affairs and **East African** cooperation urged all Tanzanian citizens on 27 February to depart from Ukraine.² An estimated 300 Tanzanians live in the Ukraine, many of them students. Tanzanians stranded in Ukraine were evacuated following a coordinated response with the states of the **Southern African Development Community (SADC)**.³ There are also efforts underway to assist the estimated 900 Ukrainians currently in Tanzania, the majority of whom were believed to have been holidaying in **Zanzibar** when the invasion commenced. As part of efforts to return the stranded Ukrainians to safety in **Europe**, Ukraine's ambassador to **Kenya** (with coverage of Tanzania), **Andrii Pravednyk**, met with Zanzibari officials during the week of 28 February to organise safe travel routes for Ukrainian citizens to **Poland**.⁴

Economically, Tanzania is likely to feel the impact of heightened global oil prices as a result of the conflict, with oil prices currently at their highest levels since 2008, having spiked at \$139 per barrel since the outbreak of war in Ukraine. In response to the rising fuel prices, the ministry of energy announced on 28 February that it had removed a TSh 100 (0.04 cent) per litre fuel levy for three

¹ Daily News, 2 Mar 2022

² The Citizen, 27 Feb 2022

³ The East African, 4 Mar 2022

⁴ The East African, 1 Mar 2022

months to offset the impact of increased fuel prices for consumers. However, individuals and businesses will feel the impact of further price hikes, with Tanzania being a net importer of fuel.

President Suluhu charms the international arena ...

President **Samia Suluhu** (2021–present) spent much of February abroad, working to improve Tanzania’s relations with key donors and promote Tanzania as an investment jurisdiction for foreign investors. Suluhu departed Tanzania on 9 February to conduct a state visit to **France** and **Belgium**.⁵ During her visit, Tanzania received commitments and grants worth 425m euros (\$465m) from the **European Commission**, to be disbursed over a three-year period and to focus on enhancing gender equality and digitisation.⁶ In addition, the **European Union (EU)** agreed to deliver \$126m in development financing to Tanzania.⁷

In February, Tanzania and the **World Bank** signed loan agreements totalling \$650m, focusing on development of the country’s education sector and the system of land registration.⁸ Increasing loans, including soft loans offered by development partners, come with risk, with the World Bank warning that Tanzania’s risk of debt distress increased from low to moderate in 2021.⁹ Noting that Tanzania’s national debt has increased by almost 20% in the past year, with public debt reaching \$37.1 billion in 2021, there is legitimate concern both within the country and abroad about rising debt levels.¹⁰

President Suluhu used her trip to Belgium to mend political relations with key opposition figures, including a landmark meeting with Tanzanian opposition leader **Tundu Lissu**. Lissu ran against President **John Magufuli** (2015-2021) in the October 2020 election and fled the country after what he described as a “*manipulated election process*”.¹¹ **State House** did not divulge details of the meeting, only saying that Suluhu and Lissu met and discussed “*various issues of mutual interest on the state of the Tanzanian nation*”.¹² However, the meeting has raised questions as to whether Lissu, who has spent many years largely outside of Tanzania following an assassination attempt in 2017, may be considering returning home.

President Suluhu also travelled to the **United Arab Emirates (UAE)** to attend **Expo Dubai** during the week of 28 February.¹³ During the event, Tanzania’s public and private sectors signed 36 memoranda of understanding totalling \$7.49 billion, 13 of which were signed by public institutions and the remainder by private business.¹⁴ Approximately 400 delegates from the Tanzanian and UAE business communities met during Expo Dubai. Tanzanian’s industry and trade minister, **Ashatu Kijaji**, noted that the forum provided opportunities for both Tanzania and the UAE to consolidate and strengthen economic relations through investment and trade that align with the Tanzanian government’s efforts to drive economic growth and sustainable development through industrialisation:

“I just wanted to assure investors that the current Tanzania administration is open minded and believes that business is nurtured and grows in principles of dialogue, engagement, trust, long term partnership and by working together.”¹⁵

The Tanzanian government harnessed the event as an opportunity to present Tanzania as the gateway for investing in **Africa**, and as an open and pro-business investment jurisdiction. Although it remains to be seen how many of the signed MOUs convert into investments or transactions, the event

⁵ Daily News, 9 Feb 2022

⁶ The Citizen, 19 Feb 2022

⁷ The Citizen, 18 Feb 2022

⁸ The Citizen, 22 Feb 2022

⁹ The East African, 2 Mar 2022

¹⁰ Bloomberg, 9 Feb 2022

¹¹ The East African, 17 Feb 2022

¹² Reuters, 17 Feb 2022

¹³ The Citizen, 28 Feb 2022

¹⁴ The Citizen, 28 Feb 2022

¹⁵ The Citizen, 28 Feb 2022

was broadly viewed as a positive step in Tanzania's efforts under President Suluhu to be seen as a welcoming jurisdiction for foreign investment.

... as Freeman Mbowe is released from jail

Leading opposition **Chadema** party chairman **Freeman Mbowe** was released from jail on 4 March, after spending close to seven months in prison.¹⁶ Just hours after his release, Mbowe met with President Suluhu, and released a statement noting that President Suluhu had emphasised the need to "join hands to build the nation, through trust and respect built on the foundations of justice".¹⁷

The release of Mbowe and three of his co-accused came after the director of public prosecution announced that it had no intention of proceeding with the charges of corruption, economic sabotage and terrorism. In announcing the decision, the **High Court** noted:

*"The court is informed by Director of Public Prosecutions on behalf of the Republic that he will not further prosecute Freeman Mbowe and three others for the offences of conspiracy to commit terrorist acts, providing funds to commit terrorist acts, participating in a terrorist meeting and possession of property for commission of terrorist acts."*¹⁸

The decision to release Mbowe and his co-accused came just two days after a collection of religious leaders urged President Suluhu to drop the charges against Mbowe.¹⁹ Key opposition figures **Zitto Kabwe** and Tundu Lissu had made similar public requests in recent months, with the administration facing criticism both within and outside Tanzania for the continued detention of Chadema's influential chairman.

Mbowe's detention was viewed as a stain on President Suluhu's democratic credentials. Suluhu and the ruling **Chama Cha Mapinduzi (CCM)** no doubt hope that his release will remove some of the lingering questions surrounding the administration's commitment to democratic principles.

Covid update

Tanzania's strategy to contain the **Covid-19** pandemic remains largely the same. Government mandates around social distancing, curfews and mask mandates have not come into force. Due to the cost of obtaining a PCR test, and lingering suspicion regarding the accuracy of the government laboratories processing the tests, many individuals are either avoiding testing, or utilising the rapid testing available at many pharmacies. This in turn adds questions around the validity of any government-reported numbers of Covid-19 cases and positivity rates.

President Suluhu said in an interview with **Germany**-based news outlet **Deutsche Welle** on 16 February that Tanzania would seek to manufacture its own vaccines.²⁰ The manufacturing hub will be used to produce alternative vaccines as and when needed.

¹⁶ The East African, 4 Mar 2022

¹⁷ Reuters, 5 Mar 2022

¹⁸ The East African, 4 Mar 2022

¹⁹ The Citizen, 3 Mar 2022

²⁰ Deutsche Welle, 18 Feb 2022

Planner

- 2022 **(Tanzania)** Commencement of construction of **Uganda-Tanzania** oil pipeline
- 2024 **(Tanzania)** Local elections
- 2025 **(Tanzania)** General elections

Chronology

- 6 Mar 2022 **Dar es Salaam (Tanzania)** *The Daily News*. President **Samia Suluhu** meets with recently released opposition **Chadema** party leader **Freeman Mbowe**;
- 4 Mar 2022 **Dar es Salaam (Tanzania)** *The East African*. Opposition **Chadema** party leader **Freeman Mbowe** is released from jail;
- 4 Mar 2022 **Dar es Salaam (Tanzania)** *The East African*. Several **Tanzanian** students studying in **Ukraine** have returned to Tanzania following a coordinated response with the states of the **Southern African Development Cooperation (SADC)**;
- 2 Mar 2022 **Dar es Salaam (Tanzania)** *The Daily News*. **Tanzania** abstains from voting during the **United Nations General Assembly** vote to condemn **Russia's** attack on **Ukraine**;
- 2 Mar 2022 **Dar es Salaam (Tanzania)** *The East African*. The **World Bank** states that **Tanzania's** risk of debt distress has increased from low to moderate;
- 1 Mar 2022 **Dar es Salaam (Tanzania)** *The East African*. **Ukraine's** ambassador to **Kenya**, **Andrii Pravednyk**, is set to meet officials in **Zanzibar** to discuss travel arrangements for the estimated 900 **Ukrainian** citizens stranded on the Isles;
- 28 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania** signs a total of 36 memoranda of understanding totaling \$7.49 billion at **Expo Dubai**;
- 27 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. The **ministry of foreign affairs and East African cooperation** pleads for all **Tanzanians** in the **Ukraine** to leave, with estimates of 300 **Tanzanians** currently in the country;
- 24 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. State-owned **Air Tanzania Company Limited** announces that it is finalising an agreement with **Emirates Airlines** and **Dutch KLM** that will assist passengers with connectivity;
- 22 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. The **World Bank** and **Tanzania** sign loan agreements totaling \$650m, focusing on development of the country's education sector and system of land registration;
- 22 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. The **Geita Gold Mine** and the **Tanzania Electric Supply Company Limited (Tanesco)** sign a power purchase agreement to allow the mine to receive power directly from the state-owned entity;
- 20 Feb 2022 **Dar es Salaam (Tanzania)** *The East African*. Those applying for jobs in the civil service will now need to include their religion and tribe on their CV;
- 19 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania** receives a grant worth 425m euros (\$465m) from the **European Commission**, to be disbursed over a three-year period and focus on enhancing gender equality and digitisation;
- 18 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. As part of President **Samia Suluhu's** state visit to **Belgium**, the **European Union (EU)** agrees to deliver \$126m in development financing;
- 17 Feb 2022 **Dar es Salaam (Tanzania)** *The East African*. President **Samia Suluhu** meets with opposition figure **Tundu Lissu** during her trip to **Belgium**;

17 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Zanzibar's** president **Hussein Mwinyi** sacks **Zanzibar Revenue Board** commissioner **Salum Yusuf Ali** with an investigation into his behaviour due to start;

11 Feb 2022 **Dar es Salaam (Tanzania)** *The East African*. Renowned **Tanzanian** scientist **Mwele Ntuli Malecela** dies aged 58 having been diagnosed with cancer in 2019;

11 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Mussa Azzan** has been elected as the new deputy speaker of the national assembly;

11 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. Music festival **Sauti za Busara** commences in **Zanzibar**;

10 Feb 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Francis Nanai** resigns as executive secretary of the **Tanzania Private Sector Foundation (TPSF)** after just over one year in the role;

10 Feb 2022 **Dar es Salaam (Tanzania)** *Reuters*. Senior government official says **Tanzania** has lifted bans on four newspapers, part of a policy by President **Samia Suluhu** to relax media restrictions imposed during her predecessor's five years in office;

9 Feb 2022 **Dar es Salaam (Tanzania)** *The Daily News*. President **Samia Suluhu** lays the foundation stone of the 110-km outer city ring road project in the capital city, **Dodoma**;

9 Feb 2022 **Dar es Salaam (Tanzania)** *Bloomberg*. The **Bank of Tanzania** (central bank) reports that national debt climbed by almost 20% in 2021 as the country ramped up borrowing to fund its infrastructure projects;

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