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The High Court of Tanzania rejects opposition Chadema party leader Tundu Lissu's challenge of parliamentary speaker Job Ndugai's decision to revoke Lissu's status as a member of parliament in June over absenteeism and ethical issues. Lissu's once-promising campaign to topple President John Magufuli (2015-present) in the 2020 presidential elections has taken another hit, and with it the voice of the parliamentary opposition. Minerals minister Dotto Biteko announces plans to reduce regulation and increase revenue generation in the mining sector as total gold exports rose 23% to \$1.783 billion in the year to July. The Bank of Tanzania (central bank) gives national banks and financial institutions three months to develop in-country data centres and threatens non-complying lenders with a maximum fine of \$2.18m.

Tundu Lissu's perilous return to politics

The **High Court of Tanzania** on 9 September rejected the application by **Tundu Lissu**, the leader of the opposition **Chadema** party and a former **Singida East** member of parliament (MP), to file a case aimed at challenging parliamentary speaker **Job Ndugai's** decision to revoke Lissu's status as an MP in June over absenteeism and ethical issues.¹ The court's decision will weaken an already feeble opposition voice in parliament, where the ruling **Chama Cha Mapinduzi (CCM)** party has a commanding 75% majority. President **John Magufuli's** (2015-present) decimation of the political opposition and freedom of expression have made it almost unthinkable that next year's presidential election will have any outcome other than a Magufuli victory.

Lissu survived an assassination attempt in September 2017 when unknown attackers shot him 16 times at his residence in **Dodoma**.² He was initially treated for his wounds in **Kenya** but has since been recuperating in **Belgium**, where he continues to receive treatment. Ndugai stripped Lissu of his parliamentary seat on 28 June for absenteeism and reportedly failing to file wealth declaration forms with the **National Assembly**.³ Lissu's lawyers asked permission from the courts to revoke Ndugai's decision. In response, Judge **Sirillius Matupa** said Lissu broke parliamentary procedures and should have run in the 31 July by-election to replace him. Judge Matupa had earlier ruled against the state's objections to Lissu's court application.⁴ Chadema's national chairman, **Freeman Mbowe**, said that the party will reassess the situation following the High Court's decision, but that it will continue to pursue justice through domestic courts.

"We will resume at the court after we have re-organised. Our colleague is receiving treatment outside the country. We will communicate and continue seeking for justice. We know it will not be an easy thing because of certain reasons. However, we respect the decision made by the court."⁵

Lissu was a front-runner to challenge Magufuli's leadership before his medically motivated absence. However, he now faces an uphill battle that will only get steeper as elections approach and Magufuli exercises more of the powers he has granted himself, such as through the **Cybercrimes Act, 2015**

¹ The Citizen, 9 Sep 2019

² Aljazeera, 7 Sep 2017

³ The Citizen, 28 Jun 2019

⁴ Tanzania Daily News, 27 Aug 2019

⁵ The Citizen, 9 Sep 2019

and October 2018 amendments to the **Statistics Act** of 2015, as well as the banning of opposition rallies in June 2016.⁶ If Lissu returns to Tanzania and picks up his campaign against Magufuli, it will be legally confined to his rural constituency in Singida, central Tanzania. Lissu will be unable to drive his message through social media due to the limited freedom of expression permitted under the cybercrime and statistics laws. Magufuli has made the road ahead for Lissu very difficult – if not impossible.

Despite 16 gunshot wounds and Magufuli's tightening grip on Tanzania's democratic institutions, Lissu has said that he is "*more than ready*" to run for the presidency in 2020 if his party wants him to.⁷ Opposition lawmakers on 3 September boycotted the swearing-in of **Miraji Mtaturu**, a CCM member who ran unopposed to replace Lissu – indicating that Lissu still garners substantial support in his party.⁸

Lissu is a fierce critic of Magufuli. He said in January that the president's human rights record "*show[ed] Tanzanians the value of human rights and freedom*" and that "*we should never allow the government to start peeping into people's bedrooms,*" in regard to Magufuli's anti-LGBT crackdown.⁹ Lissu was arrested on several occasions and charged with incitement before the attack in 2017. Although Magufuli condemned the attempted assassination and called for an immediate investigation, no suspects have been arrested. Lissu's supporters argue that the recent High Court decision, the assassination attempt and the multiple unsubstantiated arrests are part of Magufuli's crackdown on dissent (see *ARC Briefing Tanzania August 2019*). Chadema MP **Esther Bulaya** said:

*"Lissu was unfairly expelled from parliament. Everybody knows he is still receiving medical treatment. It's cruel. This raises questions if authorities are interested in multi-party democracy in our country."*¹⁰

Lissu is also facing a sedition case that has been adjourned until 23 September due to his medical absence.¹¹ It is not yet clear whether he will return by that date. Other Chadema leaders are fighting their own court battles. National chairman Freeman Mbowe, secretary general, **Vincent Mashinji**, and seven other senior members (including five MPs) are facing charges of sedition, unlawful assembly and inciting the commission of offences, among others, related to events last February during the **Kinondoni** by-election.

Is Tanzania's rusty mining sector beginning to sparkle again?

The **Bank of Tanzania** (central bank) announced on 5 September that total gold exports rose 23% to \$1.783 billion in the year to July.¹² Although Magufuli's attempts over the previous two years to boost the mining sector's contribution to national output have at times appeared catastrophic, there are now signs that the sector is beginning to sparkle. Minerals minister **Dotto Biteko** announced two plans on 20 August to reduce regulation and increase revenue generation from Tanzania's underutilised mining sector.

Magufuli's administration passed laws in 2017 that hiked taxes on mineral exports, mandated a higher government stake in some mining operations, and forced the construction of local smelters. The mining industry complained that the laws would be costly and onerous. The government also ordered the central bank in January to start buying the country's gold to curb smuggling and build reserves to stabilise the local currency. Magufuli's infamous two-year-long dispute with **United Kingdom**-listed **Acacia Mining** scared off many investors. However, the mining sector now appears to be on the mend.

⁶ Reuters, 7 Jun 2016

⁷ BBC, 21 Jan 2019

⁸ The Citizen, 3 Sep 2019

⁹ BBC, 21 Jan 2019

¹⁰ Reuters, 3 Sep 2019

¹¹ CNBC, 30 Aug 2019

¹² EWN, 5 Sep 2019

Tanzania's ministry of minerals issued permits to Acacia Mining on 16 August to resume gold exports from its flagship **North Mara** mine, Acacia's largest mine in Tanzania, following a halt to production that it ordered while government authorities undertook an investigation into the mine at the end of July (see *ARC Briefing Tanzania August 2019*).¹³ The **Tanzanian National Environment Management Council** issued a prohibition notice that came into effect on 20 July ordering the North Mara mine to stop use of its tailings storage facility due to its failure to contain and prevent seepages. The minerals ministry suspended gold shipments from the mine while it conducted an investigation. Acacia Mining has said that production at the processing plant at North Mara had stopped since the prohibition notice came into effect. Acacia said last month its second-quarter production was stronger due to gold production from North Mara rising 38.6% on the year to 119,113 ounces.

A buyout proposal for Acacia from majority shareholder **Barrick Gold Corp** was agreed on 19 July and is expected to reset strained relations with the government. The offer was backed by Acacia's board and valued the miner at £951m (\$1,149). As hostile relations between the government and Acacia appear to be simmering, the government is also taking steps to reinvigorate the damaged, but not deserted, mining industry.

Biteko said on 20 August that Tanzania will open its first gold refinery in Dodoma and will export refined gold by October.¹⁴ The gold refinery is intended to improve the ease of doing business in the domestic mining sector and boost exports. Biteko also announced plans to extend the scope of dealer licences by scrapping regional restrictions. The current regulations restrict a dealer licence to just one region, which limits competition. Biteko said,

"We want the dealer licence to be allowed to operate in all regions of Tanzania. It will add competition which will ultimately benefit the small miners and of course, increase government revenue from taxes."¹⁵

With regard to implementing the plans, Biteko said, *"the **Mining Commission** should immediately draft the changes and submit so that we quickly solve the challenges."*¹⁶ To date, the government has opened 28 mineral markets countrywide, with 11 mineral centres that allow the trading of the mineral resources.

Biteko also said the government was considering scrapping the minerals export charge to simplify exportation. The **Tanzania Shipping Corporation (Tasac)** charges 1% of the value of the minerals being exported for the dealer to get a release order. **Tanzania Mineral Dealers Association** chairman **Sammy Mollel** said four companies recently failed to attend an international mining exhibition in **Thailand** due to delays caused by the issuance of the release order. Mollel said,

"The government removed the value-added tax and withholding tax on small miners due to directives issued by President Magufuli and we were very happy. The Tasac charge is a new challenge to dealers and we are requesting the government to see how it can help on this."

Biteko responded by saying,

"I'm sure this will also be solved soon because the intention of the government is to simplify trading. However, that does not mean the government will stop controlling the mineral business as we want transparency and ensure the government earns its rightful share."¹⁷

Regulatory fines issued in banking sector

The Bank of Tanzania on 23 August gave national banks and financial institutions three months to develop in-country data centres and threatened non-complying lenders with a maximum fine of 5

¹³ S&P Global, 16 Aug 2019

¹⁴ Xinhua, 20 Aug 2019

¹⁵ The Citizen, 7 Sep 2019

¹⁶ The Citizen, 7 Sep 2019

¹⁷ The Citizen, 7 Sep 2019

billion Tanzanian shillings (TSh) (\$2.18m).¹⁸ The central bank is conducting inspections on the status of lenders on the new data centre rules, and any institution found non-compliant will be fined TSh500m (\$217,606) per month until it complies.

The central bank said it had issued three notices since 2014 on the requirement for data centres to be located in Tanzania instead of on servers abroad, but some lenders were yet to comply. The deputy central bank governor for financial stability, **Bernard Kibesse**, said,

“The Bank of Tanzania has noted with serious concern that most of the banks and financial institutions have not provided a true position on compliance with the requirements to put in place a primary or secondary data centre in Tanzania.”¹⁹

Diamond Trust Bank Tanzania Limited was fined TSh1 billion (\$450,000) by the central bank in July for breaching data centre regulations.²⁰ **National Bank of Commerce** was fined the same amount on 29 August, becoming the second lender to feel the wrath of the government’s tightened banking regulatory policy.²¹

The central bank has tightened its regulatory oversight over the past few years, following an increase in bad loans, which has stifled the growth of credit to the private sector. The **International Monetary Fund** said in December that nearly half of Tanzania’s 45 banks were vulnerable to adverse shocks and risked insolvency in the event of a global financial crisis.²² The Bank of Tanzania has revoked the licences of at least nine banks since 2017 in an attempt to safeguard the stability of the sector.

Planner

27-29 Sep 2019 **Dar es Salaam (Tanzania)** Tanzania Oil, Gas & Mining Expo;

14 Oct 2019 **(Tanzania)** Mwalimu Nyerere Day (national holiday);

7-9 Nov 2019 **Dar es Salaam (Tanzania)** Power & Energy Africa;

10 Nov 2019 **(Tanzania)** Maulid Day (national holiday);

9 Dec 2019 **(Tanzania)** Independence Day (national holiday);

25 Dec 2019 **(Tanzania)** Christmas Day (national holiday);

26 Dec 2019 **(Tanzania)** Boxing Day (national holiday);

2020 **(Tanzania)** *Africanews*. General elections;

Chronology

9 Sep 2019 **Dar es Salaam (Tanzania)** *The Citizen*. The **High Court** rejects the application by former **Singida East MP Tundu Lissu** to file a case aimed at challenging parliament speaker **Job Ndugai**'s decision to revoke his status as an MP;

9 Sep 2019 **Dar es Salaam (Tanzania)** *The Citizen*. Deputy agriculture minister **Omary Mgumba** says that sugar production increased 16.8% year-on-year in 2018/2019;

5 Sep 2019 **Dar es Salaam (Tanzania)** *Reuters*. National airline carrier **Air Tanzania** suspends commercial flights from **Dar es Salaam** to **Johannesburg** due to ongoing anti-immigrant violence in **South Africa**;

¹⁸ The Citizen, 23 Aug 2019

¹⁹ Reuters, 25 Aug 2019

²⁰ The Citizen, 15 Jul 2019

²¹ The East Africa, 29 Aug 2019

²² Reuters, 7 Dec 2018

5 Sep 2019 **Dar es Salaam (Tanzania)** *EWN*. The **Bank of Tanzania** (central bank) says gold exports rose 23% year-on-year in July to \$1.783 billion due to an increase in exports;

4 Sep 2019 **Dar es Salaam (Tanzania)** *Reuters*. Natural resources and tourism minister **Hamisi Kigwangalla** says ivory worth \$1.74m was recovered after authorities arrested suspected “hardcore” poacher **Hassan Shaban Likwema**, also known by the alias **Hassan Nyoni**;

4 Sep 2019 **Kampala (Uganda)** *Bloomberg*. **France**-based oil giant **Total SA** suspends plans for a \$3.5 billion crude export pipeline from **Uganda** to **Tanzania** after a deal to buy a stake in **United Kingdom**-based **Tullow Oil**'s Uganda assets collapsed;

4 Sep 2019 **Dar es Salaam (Tanzania)** *Reuters*. The **Gauteng** high court orders the release of an **Air Tanzania** aircraft that was impounded as part of a compensation dispute;

3 Sep 2019 **Dar es Salaam (Tanzania)** *The Citizen*. Opposition lawmakers boycott the swearing-in of a ruling **Chama Cha Mapinduzi (CCM)** party lawmaker who replaces **Tundu Lissu**, a fierce critic of the president who was expelled in June over absenteeism and ethical issues;

2 Sep 2019 **Dar es Salaam (Tanzania)** *CGTN Africa*. The government plans to build a 3.2-kilometre bridge across **Lake Victoria** for \$300m;

30 Aug 2019 **Dar es Salaam (Tanzania)** *The Citizen*. Lawyers for prominent Tanzanian investigative journalist **Erick Kabendera** call for urgent medical attention after the **Kisutu Resident Magistrate's Court** adjourned their client's case for the third time since he was arrested on 29 July;

29 Aug 2019 **Dar es Salaam (Tanzania)** *The East African*. The **Bank of Tanzania** (central bank) fines **National Bank of Commerce** \$435,000 for failure to establish a data centre, becoming the second bank in two months to be penalised for such a breach;

27 Aug 2019 **Dar es Salaam (Tanzania)** *Aljazeera*. Interior minister **Kangi Lugola** announces an agreement with the **Burundian** government to start the repatriation of all Burundian refugees on 1 October, but the **United Nations Human Commissioner for Refugees** says conditions in Burundi are not conducive to promote returns;

23 Aug 2019 **Dar es Salaam (Tanzania)** *The Citizen*. **Bank of Tanzania** gives banks and financial institutions three months to establish in-country data centres and threatens to impose a \$2.18m fine on lenders that fail to comply;

23 Aug 2019 **Johannesburg (South Africa)** *Reuters*. The **Gauteng High Court** in **Johannesburg** impounds an **Air Tanzania**-leased **Airbus 220-300** aircraft following a court application by a retired **South African** farmer who is owed compensation by the Tanzanian government;

20 Aug 2019 **Arusha (Tanzania)** *Xinhua*. Minerals minister **Dotto Biteko** says that **Tanzania** will open its first gold refinery in **Dodoma** and will export refined gold by October;

19 Aug 2019 **Dar es Salaam (Tanzania)** *Xinhua*. The **Chinese** embassy in **Tanzania** awards 259 scholarships to Tanzanian students for 2019;

16 Aug 2019 **Dar es Salaam (Tanzania)** *S&P Global*. The ministry of minerals issues permits to **United Kingdom**-based mining company **Acacia Mining** to resume gold exports from its **North Mara** mine although production remains on hold;

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