

AFRICA RISK CONSULTING

Tanzania Monthly Briefing April 2021

Tanzania Summary 5 April 2021

Former vice president Samia Suluhu Hassan is sworn in as president following the death of President John Magufuli (2015- 2021) on 17 March. Suluhu announces that finance and planning minister Philip Mpango will become Tanzania's new vice president. Under Suluhu's leadership, Tanzania is already witnessing a change in tone around taxation and ease of doing business. Islamic jihadists claim responsibility for a massacre in Palma (northern Mozambique), 50 km south of the Tanzanian border. The massacre raises questions over security in southern Tanzania and the proposed liquefied natural gas (LNG) project in northern Mozambique, as well as the viability of the planned LNG project in southern Tanzania.

A new dawn in Tanzanian politics

Samia Suluhu Hassan was sworn in as **Tanzania's** sixth president and first female president on 19 March, following the death on 17 March of President **John Magufuli** (2015- 2021).¹ Suluhu announced on live television that Magufuli had died from complications relating to a pre-existing heart condition² following weeks of absence from the spotlight and persistent rumours that he might have contracted **Covid-19**.³

This is the first time Tanzania has dealt with the death of a sitting head of state. The country embarked on 21 days of national mourning as Magufuli lay in state in **Dar es Salaam, Zanzibar, Mwanza** and **Dodoma** before burial in his hometown of **Chato**. The week of the funeral saw tragedy when 45 people were killed in a stampede in Dar es Salaam as citizens swarmed into the national stadium to view the late president's body.⁴

Suluhu's first major task was to appoint her vice president. The constitution states that the president appoints the vice president, which a majority of the national assembly must confirm. In the unprecedented circumstances, it appears, however, that key members of the ruling **Chama Cha Mapinduzi (CCM)** party and the **Tanzania Intelligence and Security Service (TISS)** gave significant input to Suluhu's decision. Parliament subsequently approved her nomination of finance and planning minister **Philip Mpango** as vice president.⁵ Magufuli nominated Mpango to parliament in 2015 and named him minister for finance and planning in his inaugural cabinet, a role he held until his elevation to the role of vice president. Prior to entering politics, Mpango worked as a technocrat in the finance ministry and had previously worked with the **World Bank**. His appointment is being roundly applauded by all factions of government.

Suluhu announced a cabinet reshuffle on 31 March after retaining **Kassim Majaliwa** as her prime minister. Suluhu appointed **Mwigulu Nchemba** as finance and planning minister. Nchemba was minister for constitutional and legal affairs and held multiple ministerial positions under Magufuli and his predecessor, **Jakaya Kikwete** (2005-2015), including deputy minister for finance under Kikwete.⁶

¹ The Daily News, 19 Mar 2021

² Reuters, 17 Mar 2021

³ BBC, 17 Mar 2021

⁴ The Guardian, 30 Mar 2021

⁵ Africanews, 30 Mar 2021

⁶ The Citizen, 31 Mar 2021

Suluhu moved the increasingly powerful **Palamagamba Kabudi** from the foreign affairs and **East African** cooperation docket back to his original position of constitutional and legal affairs minister. Although this appears to be a demotion, it ensures that Kabudi heads a ministry where his skill set is most applicable. To replace Kabudi, Suluhu nominated ambassador **Liberata Mulamula** as a member of parliament and promoted her to become minister for foreign affairs and East African cooperation. Mulamula is a distinguished diplomat, having served in multiple ambassadorial posts, including as Tanzania's ambassador to the **United States**. She also served as former president Kikwete's diplomatic advisor during his second term in office.

Another significant change saw Suluhu replace chief secretary **Bashiru Ally** with Tanzania's ambassador to **Japan, Hussein Athuman Katanga**. Ally had served as chief secretary after replacing former chief secretary **Ambassador John Kijazi**, who died at **Benjamin Mkapa Hospital** in Dodoma on 18 February.⁷ The move is a demotion for Ally, as he is no longer in cabinet despite his nomination as an MP.

Suluhu made a number of other minor cabinet reshuffles, cementing her rise to power and dominance over her cabinet and the party more broadly. Analysts are broadly viewing these reshuffles in a positive manner. There is a growing sense of optimism as to what Suluhu's next four and a half years in office, and potentially longer, may mean for Tanzania's economy and political landscape.

Suluhu in charge

Political analysts and investors are waiting to see how Tanzania operates under its new president. Suluhu had been vice president since 2015 and prior to that held ministerial positions under former president Jakaya Kikwete. Initial signs from **State House** indicate positive changes for the investment community, which faced significant challenges under Magufuli. As one analyst we consulted noted, all Suluhu needs to do is "*tone down the crazy*" of the recent years and Tanzania can once again become an attractive investment jurisdiction.

Suluhu has started her presidency strongly. The ruling CCM announced that she is set to become chair of the party after Magufuli's death created a vacancy in the role.⁸ On her first full day in office, following Magufuli's burial, Suluhu suspended **Tanzania Ports Authority** director general **Deuseddit Kakoko** over alleged embezzlement of public funds. The **Prevention and Combating of Corruption Bureau (PCCB)** arrested Kakoko the following day.⁹

Suluhu has made several statements about balancing the country's need for tax revenue with the necessity to retain and attract investment. Specifically she noted:

"You use a lot of force in collection of taxes, now those whom you impose heavy taxes upon, you take away their tools of work, close their bank accounts, forcefully take money from accounts, just because the law allows you to do so, once this happens most business people opt to close shop and go to other countries ... This reduces the number of tax payers. I therefore urge you to go out there and expand the tax base plus supervising all the issues that frustrate people from paying taxes."¹⁰

If Suluhu can ensure that the finance and planning ministry and the **Tanzania Revenue Authority (TRA)** achieve a happy medium, she will go a long way in encouraging investors to remain in the country and look for opportunities to expand their investments.

Suluhu will also need to decide which of Magufuli's legacy projects to prioritise. Numerous projects, including the **Julius Nyerere Hydropower Project**, the standard gauge railway, the new airport just outside Dodoma, and the renewal of state-owned **Air Tanzania Company Limited**, are a massive drain on public finances either via budget contributions or through the eventual repayment of large

⁷ Daily News, 18 Feb 2021

⁸ The Citizen, 21 Mar 2021

⁹ Africanews, 29 Mar 2021

¹⁰ The Citizen, 1 Apr 2021

debts taken on to fund these projects. These decisions are likely to be made over the coming months and years.

People inside and outside Tanzania are also waiting to see how Suluhu tackles the country's **Covid-19** situation. Neither she nor the majority of her cabinet ministers or advisors have been wearing masks in public in recent weeks, giving rise to speculation that she may continue with Magufuli's controversial approach to tackling the virus.¹¹ Whether she will allow vaccines into the country also remains to be seen.

Instability in Mozambique and implications for Tanzania

An attack in northern Mozambique, close to the Tanzanian border, has raised concern that Mozambique's security problems may spill over into Tanzania. **Palma (Cabo Delgado Province)** in northern Mozambique witnessed a horrific and protracted terrorist attack on 27-28 March, allegedly committed by **Islamic** insurgents who claim affiliation to **ISIL**. The insurgents have taken over the town amid reports that dozens of people have died and many more are unaccounted for.¹² Northern Mozambique has battled with instability and rising instances of jihadi-inspired attacks for a number of years.

Palma is just 50 km south of the Mozambique-Tanzania border and is the hub for the planned \$20 billion offshore liquefied natural gas (LNG) development led by **France**-headquartered **Total**. There were reports on 3 April that Total had pulled all staff members out of northern Mozambique.¹³ Total is also the lead operator of the **East African Crude Oil Pipeline (EACOP)** that runs from **Hoima (Uganda)** to the port of **Tanga** in Tanzania. An announcement regarding the pipeline was scheduled to take place in Uganda on 22 March but it was reportedly delayed due to Magufuli's death.¹⁴ It is unclear what the recent attack in Mozambique may mean for the pipeline, with anecdotal reports of threats made against the pipeline.

Security concerns in northern Mozambique may raise questions over how multinational oil companies operate in northern Mozambique and increase the attractiveness of Tanzania's slow moving LNG project in the southern Tanzanian town of **Mtwara** to multinational oil companies, many of which have been losing patience with the speed of negotiations with government. Increased surveillance and attention on the Mozambique-Tanzania border is also likely, with Tanzanian authorities seeking to ensure law enforcement and stability to minimise the chances of a similar attack on Tanzanian soil.

¹¹ BBC, 18 Mar 2021

¹² Al Jazeera, 30 Mar 2021

¹³ The Citizen, 3 Apr 2021

¹⁴ The East African, 25 Mar 2021

Planner

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)

2024 **(Tanzania)** Local elections

2025 **(Tanzania)** General elections

Chronology

3 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Tanzania Communications Regulatory Authority (TCRA)** suspends telecommunications companies' new bundles after public outcry over price increases;

31 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** announces the appointment of **Mwigulu Nchemba** as new finance minister and **Liberata Mulamula** as foreign minister as part of a cabinet reshuffle;

30 Mar 2021 **Dar es Salaam (Tanzania)** *Africanews*. President **Samia Suluhu Hassan** appoints former finance minister **Philip Mpango** as vice president;

30 Mar 2021 **Dar es Salaam (Tanzania)** *Africanews*. The **Prevention and Combating of Corruption Bureau (PCCB)** arrests **Tanzania Ports Authority** director-general **Deuseddit Kakoko** on charges of embezzlement of public funds;

29 Mar 2021 **Dar es Salaam (Tanzania)** *Africanews*. Newly sworn-in President **Samia Suluhu Hassan** suspends **Tanzania Ports Authority** director-general **Deuseddit Kakoko** over embezzlement of public funds;

25 Mar 2021 **Dar es Salaam (Tanzania)** *The East African*. **Uganda** delays the launch of the **East African Crude Oil Pipeline** due to the death of **Tanzania's** president **John Magufuli**;

21 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu** is set to become the chairperson of the ruling **Chama Cha Mapinduzi (CCM)** party after the position became vacant with the death of the former president and chairperson **John Magufuli**;

20 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. State-owned **Air Tanzania** announced that it is suspending its maiden flight to **Guangzhou** in **China** due to **Covid-19** related restrictions;

19 Mar 2021 **Dar es Salaam (Tanzania)** *The Daily News*. **Samia Suluhu** is sworn in as **Tanzania's** sixth president;

17 Mar 2021 **Dar es Salaam (Tanzania)** *The Daily News*. Vice president **Samia Suluhu** announces that president **John Magufuli** died in **Mzena Hospital** in **Dar es Salaam** following complications associated with a pre-existing heart condition;

17 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **World Bank** has agreed to loan **Tanzania** TSh570.6 billion (246 m) to construct phases three and four of the **Bus Rapid Transit (BRT)** project;

13 Mar 2021 **Dar es Salaam (Tanzania)** *The Daily News*. The ministry of works and transport announces that the **Dar es Salaam to Morogoro** portion of the standard gauge railway will be operational by August;

12 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **World Health Organisation (WHO)** praises **Tanzania** for imposing measures to curb the spread of **Covid-19**;

11 Mar 2021 **Nairobi (Kenya)** *The East African*. **Kenya** briefly bans imports of maize from

Uganda and Tanzania over concerns around increased aflatoxin levels;

11 Mar 2021 **Unguja (Tanzania)** *The Citizen*. **Zanzibar's** minister for health, social welfare, the elderly, gender and children, **Nassor Ahmed Mazrui** urges citizens to take precautions against **Covid-19**;

9 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Tanzania Communications Regulatory Authority (TCRA)** considers ways to charge for **WhatsApp** calls due to a drop in revenue that was previously associated with international calls.

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