

## AFRICA RISK CONSULTING

### Tanzania Monthly Briefing March 2021

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#### Tanzania Summary 18 March 2021

*President John Pombe Magufuli (2015-2021) passes away following complications from a heart condition. Vice president Samia Suluhu Hassan assumes control. The government admits there are cases of Covid-19 in Tanzania and urges citizens to take precautions following the deaths of high-profile government officials including chief secretary John Kijazi and Zanzibar's first vice-president, Maalim Seif Sharif. Tanzania's economy continues to perform reasonably well during the pandemic, with the 2021/22 budget expected to increase government spending to help spur development initiatives. A three-day mining conference in Dar es Salaam casts the spotlight on mining and its critical role in bringing foreign exchange to Tanzania.*

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#### President John Magufuli has died

Vice president **Samia Suluhu Hassan** announced on 17 March that President **John Pombe Magufuli** (2015-March 2021) had died.<sup>1</sup> In a statement delivered live on television, Hassan confirmed that Magufuli, aged 61, had passed away following complications from a heart condition.<sup>2</sup> The president was last seen in public on 27 February.<sup>3</sup> His absence was met by rumours that he may have contracted **Covid-19**, a disease Magufuli was infamous for denying.<sup>4</sup> **Tanzania** stopped reporting cases of coronavirus in May 2020 and has adopted a 'business as usual' approach in lieu of preventative measures.<sup>5</sup> The unique approach to management of the pandemic disease has caused significant border friction with neighbouring states, including **Zambia** and **Kenya**.<sup>6</sup>

**Zitto Kabwe**, a member of opposition party **Chadema**, has made calls through the international media for vice president Hassan to be sworn into office immediately, claiming that the Tanzanian constitution does not allow for a vacuum of power in the office.<sup>7</sup> International media sources speculate that Hassan may take over as president until the 2025 elections.<sup>8</sup> **Article 40** of the constitution determines that when a president dies in office, the vice president shall be sworn in and become president for the unexpired period of the term of five years and propose a new candidate for vice-president following consultation with the political party to which they belong.<sup>9</sup>

#### What's next ...

Vice president Samia Hassan now holds executive power according to the constitution. The ruling **Chama Cha Mapinduzi (CCM)** party has been governed by the strong-man leadership of Magufuli since his rise to power in 2015. The deceased president purged the party ahead of the last presidential elections in October. Earlier in the year, the CCM central committee expelled former finance minister **Bernard Membe** and issued a warning to **Abdulrahman Kinana** (popularly regarded as Magufuli's kingmaker in 2015) for alleged factional dissent against the president.<sup>10</sup> Factionalism remains within the CCM party and ARC sources anticipate that the **Tanzanian**

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<sup>1</sup> Reuters, 17 Mar 2021

<sup>2</sup> Reuters, 17 Mar 2021

<sup>3</sup> BBC, 17 Mar 2021

<sup>4</sup> Al Jazeera, 12 Mar 2021

<sup>5</sup> The International Growth Centre, 12 Jul 2021

<sup>6</sup> The Africa Report, 27 Feb 2021

<sup>7</sup> Reuters, 17 Mar 2021

<sup>8</sup> Reuters, 17 Mar 2021

<sup>9</sup> Constitution of Tanzania

<sup>10</sup> Bloomberg, 11 Jul 2020

**Intelligence and Security Service (TISS)** will have strong influence over presidential succession.<sup>11</sup> Members of the CCM's 'old guard' are also likely to hold strong influence in the anticipated party shuffle. Magufuli's presidential campaign centred on an anti-corruption drive against corrupt practices amongst the CCM old guard; any return to previous leadership practices increases the risk of corruption. As internal battles begin within CCM, decision-making at parliamentary level is likely to be delayed. Inefficacy within CCM will be amplified by their dominance in the National Assembly.<sup>12</sup>

Once CCM has established internal order, the National Assembly is likely to return to efficacy in time to focus on the 2021/2022 budget and consultations due in June 2021.<sup>13</sup> The secretive management of Magufuli's ill health and circumstances of his death are indicative of an opaque party structure which will obscure and minimise reporting of factional struggles. It is too soon to tell what cabinet changes may be made after the 14-day period of mourning.

The death of Magufuli may signal the end of a sustained period of uncertainty for international investors. Prior to his death Magufuli had indicated the intention to improve the investment climate. In November 2020, the **Tanzanian Investment Centre (TIC)** was transferred to the office of the president from the prime minister's office.<sup>14</sup> ARC sources anticipate protracted delays to the investment drive during the CCM power transfer.<sup>15</sup>

New leadership provides the opportunity for Tanzania to pivot toward liberal economic policy, repair relations with the international community, and reverse the policy of Covid-19 denial. Vice president Samia Suluhu Hassan is Tanzania's first female president and the second in **East Africa**, after **Ethiopia's** president **Sahle-Work Zewde**. She was born in 1960 in **Zanzibar**. She holds a postgraduate diploma in economics from the **United Kingdom (UK)**-based **University of Manchester** and an MSc in Community Economic Development from the **Open University of Tanzania** and **United States (US)**-based **Southern New Hampshire University**.<sup>16</sup>

### Covid-19 threat acknowledged

After much criticism domestically and abroad, and prior to his death on 17 March, President John Magufuli and his administration changed their approach in managing the Covid-19 pandemic. The president, prime minister and ministry of health, community development, gender, elderly and children all made statements over the weekend of 20-21 February acknowledging that the virus was in Tanzania and asking citizens to take precautions.<sup>17</sup> The health ministry's directive went into further detail around recommended social distancing, wearing of masks, use of sanitiser and the benefits of a healthy lifestyle. None of the announcements indicated that the government would impose measures such as lockdowns to curb the spread of the virus.<sup>18</sup> Although these announcements lack substance compared to government intervention seen in many other countries, they are broadly viewed as a positive step for a government that stopped releasing statistics relating to the virus in April 2020 and refused to acknowledge that there were cases of Covid-19 in Tanzania.

The announcement followed the death of Zanzibar's first vice president, **Maalim Seif Sharif**, on 17 February. Maalim died in **Muhimbili National Hospital** in **Dar es Salaam** just weeks after claiming that he had caught the virus.<sup>19</sup> The following day Tanzania's chief secretary, **Ambassador John Kijazi**, died at **Benjamin Mkapa Hospital** in **Dodoma**.<sup>20</sup> Although it was subsequently announced that Kijazi died of heart failure, many suspect that he, too, may have contracted Covid-19. The following week the country mourned the deaths of the former permanent secretary of the finance and planning ministry,

<sup>11</sup> Analyst, Dar es Salaam

<sup>12</sup> The Electoral Commission has not yet released results from the National Assembly election in 2020

<sup>13</sup> Analyst, Dar es Salaam

<sup>14</sup> The East African, 15 Nov 2020

<sup>15</sup> Analyst, Dar es Salaam

<sup>16</sup> [Member of Parliament CV](#), 16 Sep 2019

<sup>17</sup> The Citizen, 22 Feb 2021

<sup>18</sup> The Citizen, 22 Feb 2021

<sup>19</sup> The Citizen, 17 Feb 2021

<sup>20</sup> Daily News, 18 Feb 2021

**Dr. Servacius Likwelile**,<sup>21</sup> and former **Bank of Tanzania** governor **Benno Ndulu**, who died while receiving treatment for an unknown illness at **Hubert Kairuki Memorial Hospital** in Dar es Salaam.<sup>22</sup>

Tanzania received a stern rebuke from **World Health Organisation** director general **Tedros Adhanom Ghebreyesus**, who noted:

*“This situation remains very concerning. I renew my call for Tanzania to start reporting COVID-19 cases and share data. I also call on Tanzania to implement the public health measures that we know work in breaking the chains of transmission, and to prepare for vaccination. A number of Tanzanians travelling to neighbouring countries and beyond have tested positive for COVID-19. This underscores the need for Tanzania to take robust action both to safeguard their own people and protect populations in these countries and beyond.”*<sup>23</sup>

How the government will manage its response to Covid-19 remains unclear. Despite the recent shift in government attitude, large events are still permitted. The **Kilimanjaro** marathon took place on 27 February with thousands of participants, while a three-day international mining conference in Dar es Salaam over 21-23 February saw hundreds of participants pack into the **Julius Nyerere Convention Centre** (see below) with the vast majority not wearing a mask.<sup>24</sup> Participants noted that the conference’s VIPs, including then vice president Samia Suluhu and minerals minister **Doto Biteko**, chose not to wear a mask during the event.

Although recognition that the virus exists in Tanzania, coupled with some guidance from the health ministry, is a positive change in the government’s approach, it needs to do more to ensure that citizens are fully aware of the risks of catching and spreading Covid-19 and actively encourage them to take precautions such as social distancing and wearing a mask.

### **Tanzania’s economy bucks the trend**

Tanzania’s economy has not suffered as much as most other **African** countries in the past year. This is likely in part due to the unconventional approach the government has taken to managing the Covid-19 pandemic, but also thanks to the country’s diversified economy.

The **World Bank** released issue 15 of the **Tanzania Economic Update: Raising the Bar, Achieving Tanzania’s Development Vision** in February. The report noted that:

*“Tanzania has fared relatively well compared to its regional peers, but economic growth has slowed significantly. The real GDP growth rate fell from 5.8 percent in 2019 to an estimated 2.0 percent in 2020, and per capita growth turned negative for the first time in over 25 years.”*<sup>25</sup>

A global increase in gold prices has helped sustain the country’s economic progress, and Tanzania has been less impacted by the drop in global tourism than many other countries given its decision to leave its borders open to arrivals from all countries. In the agriculture sector, strong indicators include the projection that tea production will increase by 40% in the 2020/21 season due to opportune weather patterns.<sup>26</sup>

The World Bank notes, however, that Tanzania has not been able to shield itself from the global downturn in production and consumption as well as a weakening financial sector due to an increase in non-performing loans as businesses struggle to adapt to the economic conditions created by the pandemic. The World Bank also believes that the crisis could push an additional 600,000 Tanzanians below the national poverty line.<sup>27</sup> Nevertheless, it predicts that the country’s annual gross domestic

<sup>21</sup> The Citizen, 21 Feb 2021

<sup>22</sup> The East African, 22 Feb 2021

<sup>23</sup> The World Health Organization, 20 Feb 2021

<sup>24</sup> The Citizen, 23 Feb 2021

<sup>25</sup> Tanzania Economic Update: Raising the Bar, Achieving Tanzania’s Development Vision, February 2021

<sup>26</sup> Daily News, 9 Feb 2021

<sup>27</sup> Tanzania Economic Update: Raising the Bar, Achieving Tanzania’s Development Vision, February 2021

product (GDP) growth rate will be 4.5% in 2021. The World Bank states that in order for the government to deliver on the country's development goals for the coming five years, it will require sustained GDP growth of 8% and the creation of 8 million jobs.

As part of its development agenda, Tanzania's **Five Year Development Plan III (FYDPIII)** was tabled in parliament in Dodoma on 8 February. The plan is scheduled to replace the FYDP II that ends with the close of the 2020/21 financial year this June.<sup>28</sup> Speaking of the incoming plan, finance and planning minister **Philip Mpango** noted:

*"The program's priorities are; stimulating the competitive and participatory economy, strengthening the capacity for industrial production and service delivery, business promotion, stimulating human development and developing human resources."*<sup>29</sup>

To fund the plan, the government will spend TSh114.8 trillion (\$49 billion) over the coming five years. It is currently projected that TSh74.2 trillion (\$32 billion) will come from the public sector, with the country's private sector expected to contribute the remaining TSh 40.6 trillion (\$17 billion).<sup>30</sup>

The plan notably aims to target growth in the Micro, Small and Medium Enterprise (MSMEs) space. The FYDP III notes that the average lifespan of a small business in Tanzania is just 4.1 years. The plan highlights that a lack of capital and access to regional markets as well as the red tape involved in doing business are currently all challenges to the smaller end of the sector. It will be interesting to monitor how the government tackles this sector and helps promote growth in the largely Tanzanian-owned MSME space in the next five years and beyond.

Preparations for the annual budget are also underway. Mpango announced that Tanzania's 2021/22 budget would increase by 4% from the 2020/21 budget of TSh 34.88 trillion (\$15.03 billion) to TSh 36.26 trillion (\$15.6 billion) to help boost economic growth.<sup>31</sup> The country is ahead of many other African countries in terms of economic health during the pandemic, with Tanzania having prioritised the economy over health outcomes during this past year. The government's future decisions will continue to influence both the country's economic and health outcomes this year and in years to come.

### Mining sector update

Tanzania hosted its annual mining conference at the Julius Nyerere Convention Centre in Dar es Salaam on 21-23 February. The conference brought together attendees from 49 companies and 24 countries.<sup>32</sup> Guests of honour included the vice president, Samia Suluhu, and minerals minister Doto Biteko. Also in attendance was **Mark Bristow**, chief executive officer of **Canada**-headquartered **Barrick Gold Corporation**. Although the conference attracted a number of senior VIPs, the schedule was cut short by one day, likely as a result of fewer attendees and speakers due to the Covid-19 pandemic.

The conference did, however, highlight the importance of the sector and the critical role the mining sector plays in bringing foreign exchange to Tanzania. Suluhu remarked that Tanzania's mining sector grew by 17.7% in the past year.<sup>33</sup> The government collected TSh528 billion (\$226 m) in tax revenue from the sector in the 2019/20 financial year, up from TSh 270 billion (\$116 m) in the 2015/16 financial year. Suluhu further noted that whilst the sector currently accounts for 3.5% of gross domestic product, the government is aiming to see that figure increase to 10% by 2025.<sup>34</sup> Although some of this increased revenue can be attributed to increases in commodity prices such as gold and

<sup>28</sup> The Citizen, 12 Feb 2021

<sup>29</sup> The Citizen, 12 Feb 2021

<sup>30</sup> The Citizen, 12 Feb 2021

<sup>31</sup> The Citizen, 9 Feb 2021

<sup>32</sup> The Citizen, 23 Feb 2021

<sup>33</sup> IPP Media, 23 Feb 2021

<sup>34</sup> IPP Media, 23 Feb 2021

increased production, much is thanks to the government's concerted effort to formalise, and therefore tax, the country's thousands of small-scale miners.

Despite the government's positive work in the lower end of the sector, Canada-based public policy research organisation **Fraser Institute's 2020 Survey of Mining Companies** ranked Tanzania in the bottom ten jurisdictions on the attractiveness of its mining policies. Tanzania scored in the bottom 10 countries for all key indices surveyed.<sup>35</sup> The country therefore clearly needs to make more progress in ensuring that investors are comfortable with the investment climate and, more specifically, policy making and predictability, when it comes to its vast mineral resources.

### Planner

March 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

17 Mar 2021 **Dar es Salaam (Tanzania)** *TBC1*. Vice president **Samia Suluhu Hassan** announces that President **John Magufuli** has passed away in hospital in capital **Dar es Salaam** from a chronic heart condition, but it is widely speculated that he had contracted **Covid-19**;

16 Mar 2021 **Dar es Salaam (Tanzania)** *Africanews*. Opposition politicians increase pressure on government to detail the health situation and whereabouts of President **John Magufuli**, who has not been seen in public for 17 days, as speculation grows that he is in hospital with **Covid-19**;

11 Mar 2021 **Dar es Salaam (Tanzania)** *Twitter*. Opposition leader **Tundu Lissu** says President **John Magufuli**, who has not been seen in public for nearly two weeks, is in **India** receiving medical treatment for **Covid-19** and is in a serious condition;

9 Mar 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Opposition leader **Tundu Lissu** questions President **John Magufuli**'s whereabouts, claiming that he has been hospitalised in **Kenya** with **coronavirus**-related symptoms;

8 Mar 2021 **Dar es Salaam (Tanzania)** *The East Africa*. Government says it has not received official communication from its **Kenyan** counterparts on the decision by Kenya to ban maize imports from **Tanzania** and **Uganda** over safety concerns;

3 Mar 2021 **Dar es Salaam (Tanzania)** *The East African*. State-owned power company **TanESCO** announces it will provide 70 megawatts of electricity to the first phase of the standard gauge railway when it commences operation this year;

1 Mar 2021 **Dar es Salaam (Tanzania)** *The East African*. Opposition party **ACT Wazalendo** politician **Othman Masoud Othman** is named as the new first vice president of **Zanzibar**, following the death of **Maalim Seif**;

27 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **Bashiru Ally** is announced as **Tanzania's** new chief secretary following the death of **John Kijazi**;

25 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Minister for foreign affairs and **East African** cooperation **Palamagamba Kabudi** announces that construction of the **Uganda-Tanzania** crude oil pipeline will commence in March;

<sup>35</sup> Fraser Institute, Feb 2021

22 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Opposition party **ACT Wazalendo** announces **Dorothy Semu** as the party's new national chair, following the death of the previous chair, **Maalim Seif**;

22 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The ministry of health, community development, gender, elderly and children issues a statement acknowledging that **Covid-19** exists in **Tanzania** and that citizens must take precautions;

22 Feb 2021 **Dar es Salaam (Tanzania)** *The East African*. Former **Bank of Tanzania** governor **Benno Ndulu** dies while receiving medical treatment at **Hubert Kairuki Memorial Hospital** in **Dar es Salaam**;

21 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **World Health Organisation** director general **Tedros Adhanom Ghebreyesus** calls on the **Tanzanian** government to take action against the **Covid-19** pandemic;

21 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Former permanent secretary of the ministry of finance and planning **Dr. Servacius Likwelile** dies;

21 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. A three-day international mining conference kicks off at the **Julius Nyerere Convention Centre** in **Dar es Salaam**, with participants from 49 companies from 24 countries in attendance;

18 Feb 2021 **Dodoma (Tanzania)** *Daily News*. Chief secretary Ambassador **John Kijazi** dies aged 64 at **Benjamin Mkapa Hospital** in **Dodoma**;

17 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **Zanzibar's** first vice president, **Maalim Seif Sharif**, dies in **Muhimbili National Hospital** aged 77, just weeks after claiming that he had tested positive for **Covid-19**;

17 Feb 2021 **Dar es Salaam (Tanzania)** *The East Africa*. The **Tanzania Communications Regulatory Authority (TCRA)** has fined six mobile network operators a total of TSh 38.1 billion (\$16.4m) for failing to meet quality standards;

16 Feb 2021 **Dodoma (Tanzania)** *Daily News*. The **European Union (EU)** and **Tanzania's** ministry of finance and planning sign six new financing agreements totaling TSh 308 billion (\$132m);

15 Feb 2021 **Dodoma (Tanzania)** *The Citizen*. **Dr Muhammed Seif Khatib**, who held multiple ministerial positions under former president **Benjamin Mkapa** and **Jakaya Kikwete** dies at **Al-Rahma Hospital** in **Unguja**;

13 Feb 2021 **Dodoma (Tanzania)** *Daily News*. Parliament passes the **Written Laws (Miscellaneous Amendments) Act, 2021** declaring Kiswahili the language of courts in **Tanzania**, meaning that all laws will now be drafted in Kiswahili and court sessions conducted in the language;

12 Feb 2021 **Dodoma (Tanzania)** *The Citizen*. Parliament commences debate over the proposed **Third Five Year Development Plan (FYDP III)**;

9 Feb 2021 **Dar es Salaam (Tanzania)** *Daily News*. Tea production in **Tanzania** is expected to increase by 40% in the 2020/21 season due to opportune weather patterns;

9 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Minister for finance and planning **Philip Mpango** announces that **Tanzania's** 2021/22 budget will increase by 4% from the 2021/21 budget of TSh 34.88 trillion (\$15.03 billion) to TSh 36.26 trillion (\$15.6 billion to increase economic growth;

7 Feb 2021 **Dar es Salaam (Tanzania)** *Daily News*. **Justice Imani Daud Aboud** from Tanzania has been re-elected to the **African Court on Human and People's Rights (AfCHPR)**;

7 Feb 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Gaming Board of Tanzania** is proposing a 10% tax on gross revenue earned by virtual gaming companies.

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