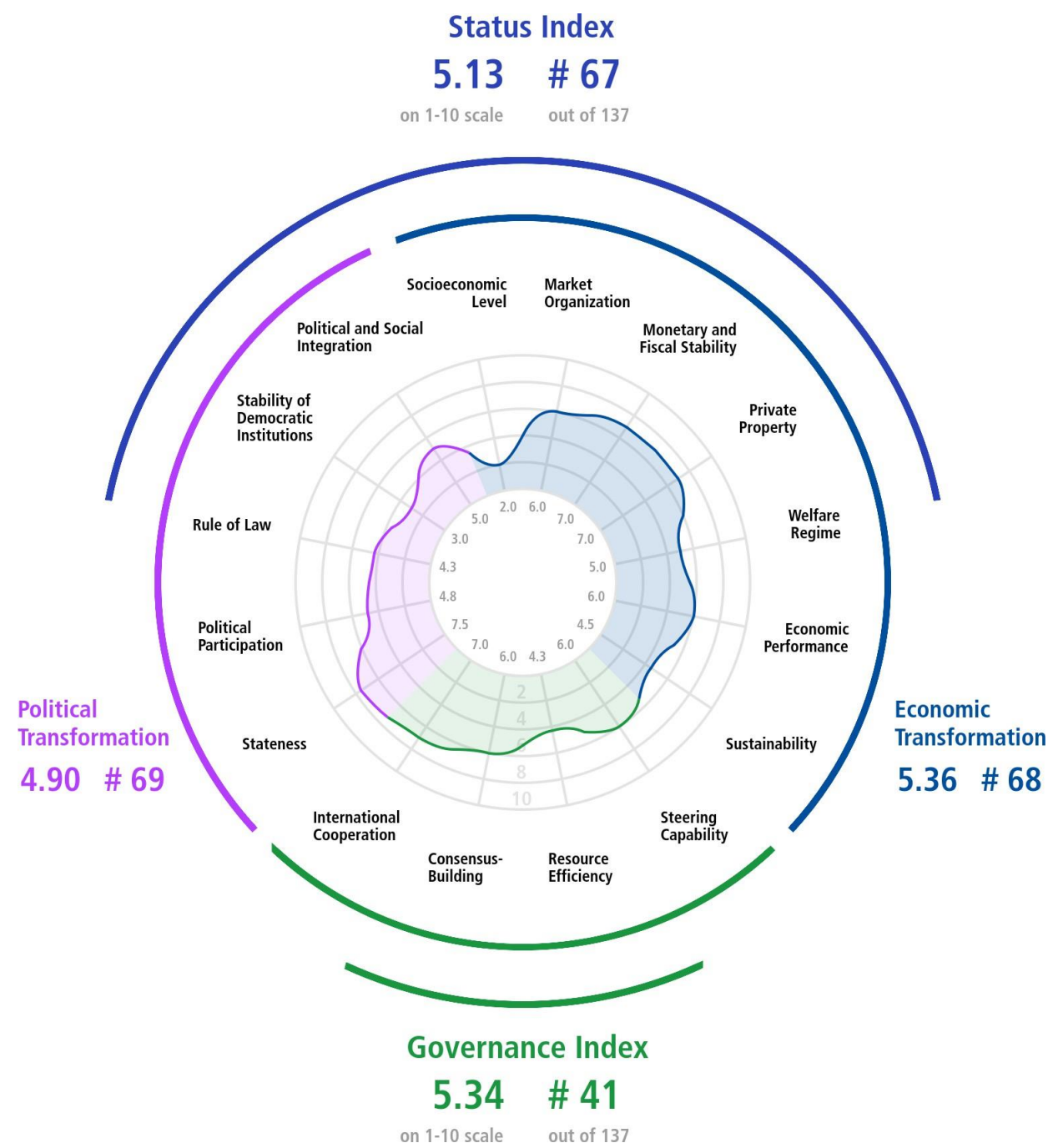


# Tanzania



This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>65.5</b>	HDI	<b>0.549</b>	GDP p.c., PPP \$	<b>3097</b>
Pop. growth <sup>1</sup>	% p.a.	<b>3.0</b>	HDI rank of 189	<b>160</b>	Gini Index	<b>40.5</b>
Life expectancy	years	<b>66.2</b>	UN Education Index	<b>0.469</b>	Poverty <sup>3</sup>	<b>74.3</b>
Urban population	%	<b>36.7</b>	Gender inequality <sup>2</sup>	<b>0.560</b>	Aid per capita \$	<b>40.4</b>

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

## Executive Summary

During the period under review, an unexpected shift in leadership occurred, resulting in a slow but definite reversal of Tanzania's previous policies. On March 17, 2021, Vice President Samia Suluhu Hassan announced the passing of President John Magufuli, who had not appeared in public for two and a half weeks. The cause of death was not explicitly stated, although his well-known heart problems were mentioned. Nevertheless, rumors persisted that he had succumbed to COVID-19. In accordance with the constitution, Samia Suluhu Hassan was inaugurated as Tanzania's sixth president on March 19, becoming the country's first female president.

Although she promised to continue the policies of the previous government – of which she herself had been a senior member for more than five years – she announced reforms in three areas: the COVID-19 pandemic, democracy and economic policy.

A commission of experts, set up by President Hassan, recommended a complete reversal in the management of the COVID-19 pandemic. The government recognized the presence of the pandemic in the country, launched a vaccination campaign and resumed cooperation with international institutions.

The announced political reforms to strengthen democracy were not clearly implemented. President Hassan stressed the importance of political rights and freedoms and directed the Information Ministry to lift bans imposed on some media outlets. But even during her first year in office, two newspapers were temporarily banned for false reports, and a cartoonist was arrested. In July 2021, the opposition leader, Mr. Freeman Mbowe, was arrested and charged with terrorism and other offenses. After more than seven months in detention, he was finally released in March 2022, and all charges against him and his co-defendants were dropped. The government initiated reconciliation talks with the opposition and formed a task force that presented reform proposals in October 2022. In July 2022, President Hassan tasked another commission to propose overdue structural reforms to improve the country's inefficient, corruption-prone justice institutions.

Even though liberalization of the political climate was noticeable under President Hassan and the scope for action for political parties, CSOs and the media visibly increased, all the restrictive laws of the Magufuli era remained in force until the end of 2022.

President Hassan also deviated from her predecessor's economic policy. She returned to reliable, predictable and consistent policies and introduced business- and investor-friendly reforms. This resulted in increased international confidence, leading to increased levels of direct investments and development loans. She also carried forward Magufuli's policy against corruption, embezzlement and administrative inaction, while proposing plans for structural reforms.

Due to the reforms and intensive diplomatic activities of the president, relations with Tanzania's international partners have improved significantly.

Her unexpected, unplanned ascent to the presidency was accompanied by both visible and concealed opposition to her reforms, particularly from members of her own party. Certain political hard-liners and Magufuli supporters reject her political openness for political reasons, viewing it as a betrayal. Conservatives questioned a woman's capability to govern the country. However, she has effectively consolidated her power by displaying a determined and self-assured demeanor and implementing strategic reshuffles within the party, government and administration, ultimately leading to her appointment as chairperson.

## History and Characteristics of Transformation

An assessment of Tanzania's transformation trajectory must consider the political structure of the United Republic of Tanzania (the Union), which comprises the mainland (formerly Tanganyika) and the semi-autonomous Zanzibar (consisting of two main islands: Pemba and Unguja). There are two constitutions: the Union Constitution and the Zanzibar Constitution. Tanzania has both a parliament of the United Republic of Tanzania and the House of Representatives for Zanzibar. Developments have unfolded in distinct ways in these separate entities.

On the mainland, the one-party system (introduced in 1965) peacefully gave way to a multiparty system in 1992. In Zanzibar, violent clashes and the sustained repression of the main opposition party, the Civic United Front (CUF), marked a political transformation. The Union experienced exemplary political stability after the end of the socialist Nyerere era in 1985, with three presidents, each ruling for two five-year terms. Zanzibar, however, remained a predominantly authoritarian regime within the Union. Political transformation was initiated by the Union government, controlled by the sole existing Revolutionary Party (Chama Cha Mapinduzi, CCM). A presidential commission appointed in 1991 advocated for introducing a multiparty system in early 1992. Elections were regularly held after five years, which the CCM easily won. The 2010 Zanzibar election results were contentious (as they had been in 1995, 2000 and 2005), but an eruption of violence was prevented due to a pre-election agreement between CCM and CUF to form a Government of National Unity (GNU). Since the 2010 elections, amid rapidly growing public dissatisfaction with socioeconomic conditions and the government's performance, several by-election results indicated that the main opposition party, the Party for Democracy and Progress (CHADEMA), has made noticeable gains.

The economic transformation of the former socialist-oriented, state-controlled economy began in 1986 with the first IMF structural adjustment program, but the process was only erratically implemented until the mid-1990s. Market reforms were pursued more consistently after 1995. Progress was then made in privatizing most state enterprises and generally deregulating the economy. During the 2000s, macroeconomic performance was satisfactory. The GDP growth rate consistently hovered around 6% to 7%, with Tanzania among the top economic performers in Africa, and inflation contained at around 5%. Nevertheless, reforms fell far short of overcoming the country's structural economic weaknesses, particularly the appalling level of poverty. The private sector has substantially expanded since the country's socialist past but is still hampered by an overbearing bureaucracy and state interference.

The competitive 2015 election brought former Works Minister John Magufuli to the presidency as the CCM's compromise candidate. He immediately began implementing his slogan "hapa kazi tu" (roughly: work and nothing else), presenting himself as a dedicated worker for the betterment of the country. He took strong action against long-standing issues such as corruption, embezzlement, negligence and inactivity in the civil service. A strict austerity policy was imposed on government spending, and he relied on dirigiste economic measures, often characterized by unpredictability and resource nationalism. Additionally, he made substantial investments in large-scale infrastructure projects. However, this led to a significant decline in opportunities for the private sector and investors. Justifying the time as one for work rather than politicization, he pursued an authoritarian approach toward opposition parties, media outlets and CSOs. Opponents were intimidated, faced with legal proceedings, arrested or simply disappeared. Furthermore, his term saw the passing of several highly restrictive laws that legally solidified and institutionalized the authoritarian transformation.

Relations with development partners deteriorated due to his authoritarian policies and his handling of the COVID-19 pandemic. He denied World Health Organization (WHO) guidelines and protocols for managing the pandemic and ceased cooperation with the WHO, which he accused of imperialism.

The October 2020 elections – which violence and allegations of massive manipulation overshadowed – confirmed Magufuli in office.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The security forces are loyal to and controlled by the state, and they face no competition from any other social or militant group. Local vigilante groups are registered by the police and cooperate with them. Armed rebel groups and guerrillas are nonexistent. Isolated, locally limited violent conflicts (mainly about land issues), sporadic politically motivated assaults and a nevertheless comparatively low level of violent crime somewhat restrict the state's monopoly on the use of force.

This monopoly is, however, somewhat challenged by an increasing – but still comparatively low – rate of violent crime. Criminal youth gangs called Panya Road (road rats) have emerged in Dar es Salaam, terrorizing neighborhoods since late 2021. However, the police stepped up efforts in 2022 to contain them.

A large majority of the population accepts the nation-state as legitimate. Citizenship and naturalization are not denied on the basis of race, ethnicity, national origin, religion, gender or for political reasons.

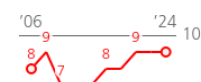
The legitimacy of the union between the mainland and semi-autonomous Zanzibar is, however, questioned by politicians and segments of the Zanzibar population. They claim that Zanzibar is under-represented in the Union, politically and culturally marginalized and economically exploited by the mainland. Their demands range from claims for greater autonomy to complete independence for Zanzibar.

In Zanzibar, supporters of the opposition have been denied citizens' rights, mainly during the voter registration processes prior to Zanzibar presidential, parliamentary and district council elections. To be allowed to vote in the Zanzibar elections, voters are obliged to have a Zanzibar Identity Card (ZanID), which is issued by local government officials (shehas). In numerous cases, shehas have refused to issue ZanIDs to opposition supporters.

Question  
Score

Monopoly on the  
use of force

9



1

State identity

8



1

Tanzania is explicitly a secular state. The legal framework is derived from English common law. Laws are enacted by parliament, interpreted by courts of law and enforced by the administration. Citizens are free to seek remedies through courts of law, through religious institutions or through relevant traditional rules/institutions. Marriage, divorce and inheritance are regulated by religious, traditional or state institutions, according to citizens' choice.

Religious dogmas can influence politics since religious leaders are highly respected in society. Typically, political parties and politicians seek good relations with religious leaders and their communities. Religious dogmas also affect policymaking in so far as politicians are influenced by their respective religious beliefs (e.g., the influence of Christian fundamentalism on homosexuality).

In Zanzibar, laws are to some extent influenced by religious dogmas of the dominant Muslim faith (e.g., some religious rules for Ramadan have been included in Zanzibari laws).

Tanzania is generally characterized as a comparatively well-administered state. Administrative structures exist throughout the country's entire territory. Performance is, however, highly deficient due to insufficient financial resources, waste and embezzlement of public funds, unmotivated and incompetent staff, corruption and political interference.

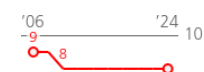
Service delivery, particularly deficient in rural areas, has improved, although only slightly. Only about 60% of the population have access to at least basic water services, and only 26% use improved sanitation facilities, albeit a significant improvement over the 18% of 2011. Successive governments have successfully implemented measures to improve school enrollment in primary and secondary schools; however, learning and teaching environments and the quality of education remain poor. Basic health care facilities exist even in the most rural areas, but they often lack essential medications and qualified staff. Access to electricity increased to 40% by 2020 from 15% in 2010.

Primary courts and police exist and are accessible throughout the country, but generally have a bad reputation among the population. Both are considered to be prone to corruption: court cases usually take an extremely long time, and the police tend to overreact in difficult situations.

Several reform programs have been implemented to strengthen the administrative system and improve performance, albeit without resounding success.

No interference of religious dogmas

8



1

Basic administration

5



1

## 2 | Political Participation

Presidential, parliamentary and district council elections are regularly held every five years; universal suffrage and a secret ballot are generally ensured. Fully registered political parties can participate in elections, and mandates are filled according to election outcomes.

There are about 20 registered political parties. The political landscape is, however, strongly dominated by the Revolutionary Party (Chama cha Mapinduzi, CCM), which has governed the country since independence in 1961. Two major opposition parties have emerged: the Party for Democracy and Progress (Chama cha Demokrasia na Maendeleo, CHADEMA) on the mainland and the Alliance for Change and Transparency (ACT-Wazalendo), which is particularly strong in Zanzibar.

Elections for Union institutions (the presidency and the parliament) and for district councils on the mainland are administered by the National Electoral Commission (NEC), whereas the Zanzibar Electoral Commission (ZEC) administers elections for the Zanzibar presidency, the Zanzibar parliament and the district councils in Zanzibar. Neither commission is independent from their respective administrations. Whereas the outcomes of elections administered by the NEC have generally reflected the voters' will, most, if not all, past elections in Zanzibar have been severely manipulated.

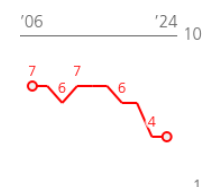
Growing support for the opposition may have resulted in the ruling party's determination to ensure that the CCM will remain in power by any means necessary. During President Magufuli's tenure, the democratic process deteriorated dramatically. The local elections in 2019 and the general elections in 2020 were marred by violence and fraud. Politicians from opposition parties were harassed, arbitrarily arrested, and charged with sedition, instilling public unrest or threatening peace. The ruling party made use of the state resources, while the authorities frequently restricted opposition activities in the already-short campaign period. Numerous opposition candidates and voters were denied registration on dubious grounds, and several supporters and candidates from opposition parties were intimidated and arrested. Other problems included restrictions on political parties' agents accessing polling stations, limited election observation and widespread blocking of social media on and after election day.

Politicians, journalists and members of NGOs were abducted, assaulted or killed by unknown assailants during Magufuli's tenure. In addition, political rallies were banned, and several restrictive laws were passed and enacted.

Despite the considerable opening-up of political space, which allowed the peaceful, orderly conduct of by-elections, the draconian 2019 amendments to the Political Parties Act, the electoral commissions' dependency on the government, and other problems continue to constrain democracy.

Free and fair elections

4





In general, democratically elected representatives have full power to govern. Political power is mainly vested in the executive branch, with strong authority in the hands of the (usually directly elected) president. Current President Hassan is not legitimized by elections but came to power after her predecessor died in office – albeit following constitutional procedures. The dominance of the executive limits the (elected) legislature's power to hold the government accountable. The strongest veto group is the ruling party, the CCM. President Hassan has faced considerable political headwind from Magufuli supporters in her own party, at least during the first months of her presidency.

Interest groups of all sorts (economic, faith-based, criminal) try to influence decision-making and some of these groups sometimes also engage in corruption.

The military has considerable influence but remains completely out of public scrutiny. It is, however, fully integrated into the political system and controlled by the state's civilian institutions.

The international donor community also constitutes an influential actor, which can act to limit the governments' agency to function.

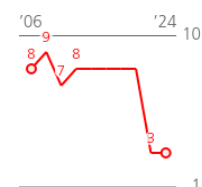
The constitution guarantees freedom of association and freedom of assembly. Citizens can form associations and assemble, as state interference in NGO activities is low. According to different sources, there are between 3,000 and 8,000 registered associations in Tanzania. Associations are required to register themselves under specific laws, such as the Political Parties Act (1992, amended 2019), the NGO Act (2002, amended 2019), the Societies Act (2002, amended 2019) and the Cooperative Societies Act (2003); they may also be deregistered by the state organs. The 2019 amendments increased government control over the NGO, arts and economic sectors. Government-appointed registrars were given wide-ranging discretionary powers to interfere in activities by revoking the registration of companies and NGOs on the basis of undefined and vague terms, which are prone to arbitrariness.

Under the Magufuli government, the space for NGOs and Civil Society Organizations (CSOs) significantly narrowed. Whereas service delivery organizations were still welcomed and acknowledged as important to achieving the country's development goals, advocacy groups critical of the government, government policies and general conditions in the country faced stringent restrictions. Various CSOs were temporarily banned, their offices searched, and their staff harassed, arrested and interrogated by state organs. Between 2016 and 2023, political parties were banned from conducting most of their activities and holding demonstrations.

Despite President Hassan's public profession of democracy, the draconian 2019 amendments were not removed and the ban on political rallies was not lifted before January 2023. However, the president acknowledged the role of political parties and civic organizations, and the administration generally refrained from interfering with CSO activities.

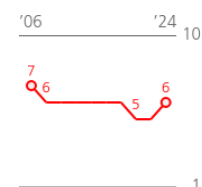
Effective power to govern

3



Association / assembly rights

6



In early 2019, the Political Parties Act of 1992 was amended. The amendments narrowed the space for opposition parties. They gave the Registrar of Political Parties (a presidential appointee) the power to deregister political parties for minor administrative offenses and to interfere in the internal affairs of political parties, including the right to suspend individual party members and prevent party members from engaging in political activities. Political parties were prohibited from acting as “a group of people that influences public opinion or government action in the interest of a particular cause.” and thus deprived of the right to perform one of the fundamental functions of a political party.

Immediately after assuming the presidency in March 2021, President Hassan emphasized her commitment to the principles and practices of liberal democracy. However, even after she took office, several CHADEMA members were arrested, among them CHADEMA Chairman Freeman Mbowe who was arrested in July 2021 and charged with terrorism and other crimes. Mbowe was finally released in March 2022 after more than seven months in custody, with all charges against him and three people charged along with him dropped. In October 2022, after several months of public consultations, a government-formed political reform task force proposed lifting the ban on political rallies, establishing independent electoral commissions and overhauling various laws. In January 2023, reconciliation talks with CHADEMA and other parties resulted in the president’s announcing she would lift the unconstitutional ban on political rallies, which her predecessor had imposed in 2016.

The constitution guarantees freedom of expression and the right to information. However, these rights are severely curtailed by several restrictive laws. However, under the Hassan administration, these laws are rarely applied, and the media enjoys a more open climate than before. Nevertheless, Tanzania improved only slightly in the 2021 Reporter Without Borders’ World Press Freedom Index and is now ranked 123rd out of 180 countries.

Since 2015, several laws have been enacted that severely limit the freedom of expression and the right to information and increase the government’s control over the media sector: the Cybercrimes Law (2015), the Statistics Act (2015, amended 2018), the Media Services Act (2016), the Films and Stage Plays Act (amended 2019), and the Electronic and Postal Communications (Online Content) Regulations (2018, amended 2020).

During Magufuli’s tenure, journalists were threatened, harassed, attacked, and even killed, and their offices vandalized. Several newspapers and radio stations were closed or temporarily banned. Numerous people were arrested and charged under the contentious Cybercrimes Act. This instilled a climate of fear and caution among media practitioners and the general public.

President Hassan and Information Minister Nape Nnauye have underscored the importance of free media and free access to information. In February 2022, the government lifted a ban on four newspapers and promised a revised Media Bill in early 2023. The more liberal political climate encouraged the media to report openly

Freedom of  
expression

6

'06 '24 10



1

again and not shy away from criticism of the government's actions. However, in 2021, the government temporarily banned two newspapers, the CCM party's weekly UHURU among them. In October 2021, a cartoonist was arbitrarily detained for two weeks.

### 3 | Rule of Law

Constitutionally, the separation of powers is fundamentally assured, but in practice, the executive branch dominates.

However, even formally, the separation of powers is limited. The parliament includes the National Assembly and the president. The president has the right to appoint up to 10 unelected additional members of parliament. The attorney general – a presidential appointee – is an ex-officio member of parliament. Judges and magistrates are also appointed by the president.

Whereas former President Magufuli undermined already-weak checks and balances, President Hassan and her administration have largely refrained from ruling through personal decrees and directives and have instead followed orderly procedures.

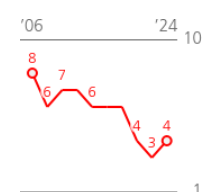
Actually, the challenge regarding the absence of separation of powers arises from the constitution itself. The constitution vests considerable power in the president (Imperial Presidency) and does not contain robust mechanisms to hold the president accountable. The executive provides the budgets to the other two branches, and the president appoints the judges, 10 unelected members of parliament and is empowered to dissolve parliament.

There is a well-developed and differentiated juridical system. Since the judiciary is not a “union matter,” Zanzibar and mainland Tanzania have their own, but somewhat similar, judicial systems, which extend from primary courts to a High Court. The Court of Appeal, however, is a Union institution and deals with cases that affect both parts of the Union. Zanzibar has, in addition, a system of Kadhis' courts. Their jurisdiction is restricted to questions of Muslim law, such as personal status, marriage, divorce or inheritance. However, Zanzibaris are free to choose whether they would prefer to present their case before a Kadhis' court or a secular government court.

Political influence and corruption, especially at lower-level courts, limit the independence of the judiciary. Extremely long legal proceedings, inefficiency, a scarcity of financial resources and qualified personnel, and distrust from the general population further limit the legal system's capacity to fulfill its intended role. Through a controversial amendment to the Tanganyika Law Society Act, in early 2020, the government increased its control over the country's formally autonomous bar association.

#### Separation of powers

4



#### Independent judiciary

5



Higher-level courts (e.g., the High Court or Court of Appeals) continue to show a strong resilience to government attempts to apply pressure on rulings of a political nature, and the upper courts have at least in a few cases ruled against the government.

The judges of the High Court and Court of Appeals are presidential appointees. In this regard, the independence of the judiciary is compromised.

Corruption is structurally ingrained among the political and economic elite. Though it is also common among lower levels of public administration, faith-based organizations and the general public, and in the private sector, the media and civil society. President Hassan has made it clear that she will not deviate from her predecessor's anti-corruption stance. She sacked several high-ranking officials on corruption allegations – although it was not always clear whether or not the dismissals were motivated by political considerations. Two former prominent Magufuli loyalists, who were engaged in criminal activities, were brought to court.

However, legal amendments in 2020 undermined solidarity lawsuits by denying the right of individuals or entities to sue for their rights unless they are directly affected. In November 2019, Tanzania denied individuals and NGOs the right to directly file cases against the government in the African Court on Human and People's Rights. The 2020 amendments also granted immunity to the president, vice president, prime minister, speaker, deputy speaker and chief justice for any act of commission or omission in the course of their duties.

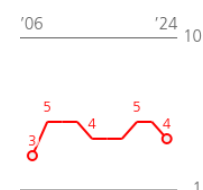
The constitution and the legislation generally protect the rights to life and the security of people. The death penalty exists for convictions of treason and murder and is the mandatory sentence for murder, notwithstanding a ruling from the African Court on Human and People's Rights of November 2019, which directed Tanzania to abolish the mandatory death sentence as it contravened the African Charter on Human and Peoples' Rights. However, the death penalty has not been carried out since 1985, and death sentences are regularly commuted to imprisonment.

The Hassan administration has ended the massive violations of civil rights that were rife under the former president, and the situation has significantly improved. However, human rights violations by law enforcement officers, such as mistreatment of prisoners and suspects, some of which result in death or extrajudicial executions continue to occur. President Hassan has formed a committee to address this situation.

A widely held belief in witchcraft also poses a threat to the right to life and security of certain people, mainly elderly women and people with albinism. According to the Legal and Human Rights Center, the prevalence of witchcraft-related killings has declined in recent years, as a result of increased police action.

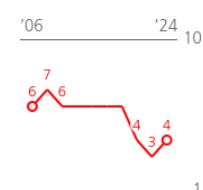
#### Prosecution of office abuse

4



#### Civil rights

4



Torture is not systematically practiced. The right to personal security is, however, not guaranteed in prison. The conditions in prisons are generally appalling, and prisoners must rely on the benevolence of prison staff.

Access to justice is formally provided by the juridical system, which is, however, constrained by several factors. There is a shortage of courts and qualified personnel, mainly in rural areas. Many people are not familiar with the court system and are hesitant to bring a case to court. For the majority of poor Tanzanians, court fees are prohibitively high, and legal aid is unaffordable. Furthermore, trust in the legal system and its ability to find satisfactory and just solutions to disputes is low due to the long duration of court procedures and a widespread perception that the courts mainly protect the interests of wealthy and influential people.

The laws provide for equality before the law. There are, however, some discriminatory laws, such as inheritance and marriage laws, that discriminate against women. The government has frequently spoken out against discrimination against girls and women and has implemented several programs to promote gender equality. These efforts are, however, undermined by common cultural norms and values in a male-dominated society. Gender-based violence is prevalent.

Homosexual acts are criminal offenses in Tanzania. Prejudices and discrimination based on sexual orientation are rife due to cultural and religious norms. Also, discrimination against people with disabilities is common.

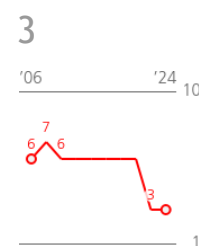
#### 4 | Stability of Democratic Institutions

Democratically legitimized institutions exist in principle on the national, regional and local levels. The National Assembly, local councils, and the national and local governments are elected – albeit under very questionable conditions that contradict democratic principles. Despite the president’s and the ruling party’s considerable power to interfere, decision-making generally follows appropriate and legitimate procedures.

The courts and most administrative structures are weak due to underfinancing, incompetence, unclear or missing information, corruption and nepotism, especially at the regional, district and local levels.

Frictions occur on the district and local levels, where elected local government structures and appointed central government structures overlap.

Performance of democratic institutions



Democratic institutions are in principle accepted as legitimate by most relevant actors. Unlike her predecessor, President Hassan and her administration appear to accept the legitimacy of democratic institutions (e.g., independent media, civil society organizations and opposition political parties), although several undemocratic laws are still in effect. The ruling party Chama Cha Mapinduzi (CCM) uses its historical strength and appears resistant to opening the political system into a genuine functioning multiparty democracy (formally established in 1992), with a vibrant and critical civil society and media, which would challenge the dominant position CCM has held since independence. The CCM has demonstrated an unwillingness to accept democratic institutions when they appear to pose a threat to the party's claim to power and has blocked or undermined decisions made by such institutions.

Several state institutions are not always sufficiently accepted by all relevant actors, as even government officials occasionally feel a greater obligation to the former and current state party, and to the president, than to the legislature. Most people who are not CCM sympathizers have reservations about the impartiality of election management bodies, which are viewed as being biased toward the ruling party.

## 5 | Political and Social Integration

The party system is dominated by the former state party, the CCM (the Party of the Revolution). The CCM, in power since independence in 1961, is deeply rooted in society and has branches and members in every corner of the country. Despite recurring internal frictions, the CCM has proved very stable. The CCM's wing in Zanzibar enjoys a considerably independent existence within the party, with specific interests that sometimes contradict those of the main party. Apart from the divide between the mainland and Zanzibar, there are sometimes very hostile factions, mainly based on clientelist networks of ambitious leaders pursuing their own personal interests. Currently, President Hassan (also the CCM chairperson) is consolidating her power base within the party against supporters of the former strongman, Magufuli.

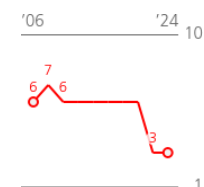
Opposition parties emerged after the multiparty system was reintroduced in 1992. Most of them lack concise programs and obtain their support mainly through opposition to the CCM.

The Party for Democracy and Progress (CHADEMA) has managed to stabilize itself as the leading opposition party since 2010 and – in the 2015 elections – was the first party able to challenge the CCM's dominance.

Although some CHADEMA politicians have over the years built up a strong local base for their party, the party as a whole can hardly be described as socially rooted. It draws its current support from opposition to the CCM, with some regional strongholds. However, CHADEMA is particularly popular among young voters, the largest voter group.

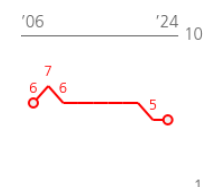
Commitment to democratic institutions

3



Party system

5



In Zanzibar, the political arena is extremely polarized, and society is divided along party lines. Since the early 1990s, the Civic United Front (CUF) constituted the main – and de facto only – opposition party. After internal leadership wrangles, the CUF split in March 2019, with the more powerful Zanzibar faction under the popular Secretary-General Seif Sharif Hamad defecting to the hitherto small Alliance for Change and Transparency – Patriots (ACT-Wazalendo). Support for the opposition and CCM on the islands has been almost on par, with the CUF/ACT overwhelmingly supported in Pemba and in Zanzibar’s Stone Town. The CUF was well rooted in Zanzibar, although it owed most of its support to its charismatic leader Hamad, who (aged 77) died of COVID-19 in February 2021. Despite claiming that the 2020 elections were heavily rigged, ACT leaders finally decided to accept new Zanzibari President Mwinyi’s invitation to join the constitutionally required Government of National Unity (GNU) in December 2020.

A handful of smaller parties (e.g., the NCCR-Mageuzi, TLP and United Democratic Party) have played or continue to play a role in the political arena. However, such parties are mere electoral vehicles for their respective party leaders rather than socially rooted and organized political parties with distinct party programs. Several other parties exist but are insignificant.

Massive repression by the state apparatus during the Magufuli era and anti-democratic legislation (which is partly still in effect) have further weakened opposition parties’ ability to articulate and aggregate societal interests.

Polarization between the opposition and ruling parties has always been very high in Zanzibar. Since the 2015 elections, this has also become the case on the mainland. The oppressive reaction of the state apparatus to opposition further increased polarization, as it became obvious particularly during the 2019 and 2020 elections. However, the inclusion of the ACT-Wazalendo in the GNU and President Hassan’s reconciliatory approach have helped to reduce polarization.

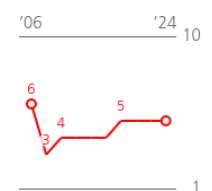
Tanzania has a long tradition of cooperative and civil society organizations dating back to the colonial era, when trade unions and associations played an important role in the struggle for independence. During the one-party era (until 1992), independent civic activities were suppressed and social interests were incorporated into the single party.

In the 1990s, donor countries’ practice of supporting NGOs rather than the government led to a mushrooming of service delivery organizations. These ranged from small local self-help groups to international NGOs.

Some politically active advocacy CSOs have emerged, albeit in a much smaller number than NGOs and mainly based in major cities. Between one to two dozen advocacy CSOs operate professionally and can play a mediating role between society and politicians. They work across a wide range of issues, including human and

Interest groups

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women's rights, empowerment, health, education, democratization, gender, environmental, land management and media. The major CSOs usually work together and form alliances to advocate for specific topics of common interest. Their declared claim to represent the interest of the poor majority is, however, somewhat questionable due to their strong urban and elitist base and high dependency on external donor funding.

There are several trade unions and professional associations. Most of them, however, lack professional structures and adequate funding. Nevertheless, they have some bargaining power to improve the situation of their respective groups, especially if they represent a strategically important sector (e.g., transportation, education or medicine).

Faith-based organizations (FBOs) and religious leaders enjoy a high degree of legitimacy and play an important role in mediating between society and the state. Unlike most CSOs, trade unions and professional associations, FBOs are also present in rural areas.

Service delivery NGOs, advocacy CSOs, FBOs and religious leaders, and trade unions and professional associations do not embrace ethnic or regionalist sentiments. Instead, they see themselves as pro-democracy. In practice, they play a limited but constructive role. Since religious affiliation constitutes a major source of identity in Tanzania, FBOs and religious leaders play an important role in mobilizing people and mediating among different interests. In general, FBOs and religious leaders contribute to peace and social cohesion through – among other things – interfaith dialogue and cooperation. By propagating conservative values and defending conservative and even undemocratic structures, they stifle democratization at times. Furthermore, conflicts between and within various religious groups and denominations pose a threat to peace and stability.

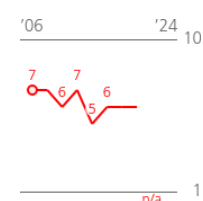
According to a recent Afrobarometer survey, approval for democracy, government accountability and the rule of law is fairly high in Tanzania. The survey was conducted between February 21 and March 26, 2021 – roughly the period during which there were uncertainties about President Magufuli's whereabouts, his death was announced and President Hassan was inaugurated.

Of the respondents, 88.4% rejected military rule and 77.3% stated that democracy was preferable to any other kind of government. However, only 66.2% supported a multiparty system, while 32.4% favored a one-party system.

Of the respondents, 92.4% wanted parliament and elections to control the president and over 80% wanted elected leaders to base their decisions on the population's demands and experts' advice rather than on their own ideas, and to make compromises between the preferences and needs of various groups.

Approval of  
democracy

n/a





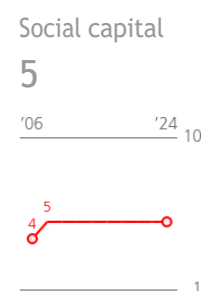
Of respondents, 75.8% wanted the president to always obey the laws and the courts, 77.9% wanted the government to always follow the law and 77.2% supported the idea that the parliament should ensure the president explains to it on a regular basis how the government spends taxpayers' money.

The results of several surveys allow one to conclude that Tanzanians prefer to choose their political leaders but increasingly understand democracy also in terms of personal freedoms (e.g., freedom of expression and freedom of assembly).

For the majority of the population (mainly in rural areas), close informal networks of extended families provide the social capital to manage everyday life and to confront challenges that emerge from economic, social and natural crises. According to a 2021 Afrobarometer survey, general social trust was not particularly high; 89.2% claimed that one must be very careful in dealing with people in general. Yet, according to a survey by Twaweza (September 2014), community trust was high, with 98% saying that their community would pull together following an unfortunate event. Families are the most trusted network (when compared to neighbors and acquaintances): 88% trusted their relatives and 76% trusted their neighbors.

People organize themselves informally rather than relying on public or formal organizations to improve their situation. 72% of those interviewed by Twaweza (2014) were involved in a community organization, such as a religious group or a saving and loan group. Political self-organization has been rather limited to urban-based groupings.

However, family and community bonds, self-help organizations, and savings groups are important networks of solidarity, in the absence of reliable and comprehensive safety nets provided by the state, NGOs, FBOs or other institutions. The importance of these safety nets also makes them vulnerable and prone to misuse and fraud. Consequently, the level of distrust and suspicion is quite high in society in general as well as within these self-help groups, which in many cases have introduced control mechanisms to avoid misuse and fraud.



## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Although Tanzania has made considerable improvements in the Human Development Index, moving from a score of 0.353 in 1990 to 0.549 in 2021, it continues to rank among the countries with the lowest level of human development in the world. In the 2021 HDI, Tanzania ranked 160th out of 191 countries.

Social exclusion is extensive and structurally ingrained. There is a strong divide between urban and rural areas, as well as between poor regions in the western and lake zones and comparatively better-off regions in the eastern zones. According to the 2018 Tanzania Mainland Poverty Assessment Report, extreme poverty is less rampant in urban areas. Similarly, access to health care, education, water, sanitation and information is better in urban areas than in rural areas. However, the majority of the population lives in rural areas, relying at least partially on subsistence farming. The World Bank states that, in 2018, 76.8% of the population lived on less than \$3.65 a day. In 2021, 27% of the population lived below the national basic-needs poverty line. Despite significant macroeconomic growth, the absolute number of people living in extreme poverty, defined by the World Bank as an income of less than \$1.90 a day, increased from 17 million in 1990 to 26 million in 2018, due to population growth. The gap between the very few rich and the many very poor is widening at a rapidly increasing rate, as indicated by a Gini coefficient of 40.5 in 2018. Women often experience high levels of deprivation. Tanzania has shown slow development, according to the Gender Inequality Index, with a decrease from 0.593 in 2005 to 0.560 in 2021. The Global Gender Gap Index ranked Tanzania 64th out of 146 countries in 2022.

Question  
Score

Socioeconomic  
barriers

2

'06 '24 10



Economic indicators		2019	2020	2021	2022
GDP	\$ M	61026.8	66068.7	70655.6	<b>75709.3</b>
GDP growth	%	5.8	2.0	4.3	<b>4.6</b>
Inflation (CPI)	%	3.5	3.3	3.7	<b>4.4</b>
Unemployment	%	2.2	2.8	2.7	<b>2.8</b>

Economic indicators		2019	2020	2021	2022
Foreign direct investment	% of GDP	2.0	1.0	1.5	1.5
Export growth	%	19.0	-8.6	5.2	10.2
Import growth	%	-1.4	-7.6	9.6	23.7
Current account balance	\$ M	-1512.2	-1122.0	-	-
Public debt	% of GDP	39.1	39.8	42.1	42.3
External debt	\$ M	24172.7	25545.3	28489.9	-
Total debt service	\$ M	1240.9	1266.8	1964.5	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	7.8	7.7	8.0	8.3
Public education spending	% of GDP	3.6	3.2	3.1	3.2
Public health spending	% of GDP	1.6	1.6	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.0	1.1	1.1	1.1

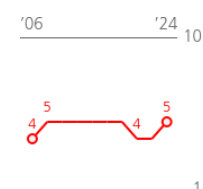
Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

The fundamentals for domestic and foreign market competition exist in Tanzania but have a weak institutional framework. Although the majority of former state-owned enterprises have been privatized, the government still controls pricing in the agriculture sector, telecommunications, banking, energy and transport. International investment is largely concentrated on mining, services (telecommunications, finance and tourism) and construction, and, to a lesser extent, in manufacturing industries. Labor regulations are not efficient. The informal sector contributes a significant – though difficult to quantify – share to economic activity. According to the International Labor Organization, in 2020, the informal employment rate stood at 93.3%. The government has undertaken insufficient steps to support small enterprises and to formalize the informal sector.

### Market organization

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After assuming the presidency, Samia Suluhu Hassan fundamentally changed the interventionist and often-erratic economic policies of her predecessor. Her market-friendly economic policy has significantly improved the investment and business climate by enhancing the regulatory environment, addressing challenges in the nonetheless unfriendly taxation system, streamlining the issuance of work permits to foreigners and reducing trade barriers.

However, some reforms have only been slowly implemented; cumbersome bureaucratic procedures remain a burden to the development of a functioning market economy.

Under President Hassan's leadership, there have been ongoing efforts to develop market-based competition and encourage foreign direct investment (FDI) and the private sector as key players in the economy. In November 2022, a new Investment Act was enacted, and several high-level dialogues have been conducted to promote the private sector. Furthermore, President Hassan has established the Ministry of Investment and Trade to expedite and liberalize the country's market economy.

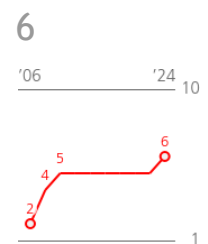
Tanzania enacted its first competition law, the Fair Trade Practices Act, in 1994 and established a department within the Ministry of Trade and Industry to oversee its implementation. The law was later replaced by the Fair Competition Act (FCA) of 2003. The FCA aims to promote competition in trade and commerce, while safeguarding consumers from unfair and misleading market practices.

The FCA established a Fair Competition Commission (FCC) in 2007, which has the power to investigate and impose sanctions, and a Fair Competition Tribunal (FCT) as the authority to appeal FCC decisions. The FCC is a member of the International Competition Network.

The FCA's authority also applies to the state and its agents when they engage in commercial activities. However, the commission does not have a mandate to handle competition matters in the four strategic sectors of energy and water, transport, civil aviation and communications, where specific regulatory authorities exist.

Tanzania has a sound legal and institutional framework for implementing and developing competition legislation and policy, which has adopted numerous international best practices and standards. Despite this, the enforcement of effective antitrust policy is restricted. Specifically, there exist severe problems with the FCC, such as a lack of competent and trained staff and financial resources.

#### Competition policy



Since market liberalization and privatization of the former socialist economy – which began very cautiously in 1986 before being pursued systematically in the 1990s – trade has been continuously liberalized, mainly within the context of the East African Community (EAC).

As a member of the World Trade Organization (WTO) since 1995, Tanzania aligns with the positions of the group of least-developed countries (LDCs) and the African, Caribbean and Pacific Group of States. In April 2020, the country ratified the WTO Trade Facilitation Agreement (TFA). According to the WTO, the simple average of the most-favored nation (MFN) applied total tariffs was 13.1 in 2021. As a founding member of the East African Community (EAC), Tanzania is undertaking trade liberalization within the EAC's customs union and applies the EAC's agreed common external tariff.

Several regulations were adopted to harmonize EAC members' trade policies vis-à-vis third countries. EAC countries' multiple memberships in different regional economic communities, such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), continue to present major hurdles to harmonization. Tanzania grants tariff preferences reciprocally to SADC members.

In 2016, Tanzania refused to sign a comprehensive Economic Partnership Agreement (EPA) with the European Union due to doubts about whether such an agreement would stifle Tanzania's industrialization. However, President Hassan announced in early 2022 that Tanzania was considering endorsing the EPA.

Tanzania has concluded bilateral treaties to promote and protect FDIs with several EU member states. China, India and the European Union are Tanzania's largest trading partners. In 2008, the East African Community (EAC) signed a Trade and Investment Framework Agreement with the United States.

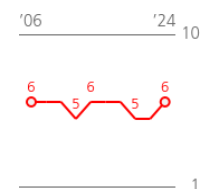
President Hassan reversed her predecessor's erratic, nationalist and protectionist economic policies and significantly enhanced the country's openness to foreign trade. She assured international trading partners that she would uphold a consistent, reliable, business-oriented trade policy and remove obstacles introduced by the Magufuli administration. Long-standing trade issues with Kenya were resolved, and trade between the two countries increased significantly.

The relatively small but rapidly growing financial sector is controlled by the Bank of Tanzania (the central bank). Most international banking standards are met, but the November 2018 IMF Financial System Stability Assessment revealed several shortcomings and recommended enhancements to banking supervision, which is constrained by a lack of adequate professional resources.

The banking sector remained resilient in the face of economic shocks associated with the COVID-19 pandemic. In 2021, 46 banks were registered, ranging from small community banks to state-owned banks to branches of international banks. However, two large banks dominate the market, holding a market share of 43.8% of total assets, 46.0% of customer deposits and 46.0% of customer loans and advances. The high

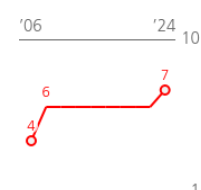
## Liberalization of foreign trade

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## Banking system

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number of banks in a relatively small banking sector raises doubts about the profitability of some banks. In recent years, credit quality has improved, with the ratio of non-performing loans decreasing from 11.5% in 2017 to 8.7% in 2020. However, the ratio remained above the desired benchmark of 5.0% (and was 5.4% in 2011). The bank capital-to-assets ratio increased from 10.0% in 2011 to 12.4% in 2020. The sector remained adequately capitalized; according to the Bank of Tanzania, core and total capital adequacy ratios were 19.5% and 20.2%, respectively, compared to 17.2% and 18.1% in 2020. Both ratios were above the minimum legal requirements of 10% and 12% for core and total capital, respectively.

Presently, more than 60% of Tanzanians have access to banking services (compared to 11% in 2006). Most individuals use mobile banking. Only about 40% of the adult population possesses an account at a bank or another financial institution. Notably, mobile money transactions have experienced substantial growth, leading mobile money systems to emerge as the preferred method for money transfers, electronic payments and even savings.

The conventional banking system has expanded, with the number of bank branches increasing from 815 in 2017 to 990 in 2021 and the number of bank agents rising from 10,665 in 2017 to 48,923 in 2021. However, the growth has been mainly concentrated in urban areas, leaving rural Tanzania without a sufficient banking presence.

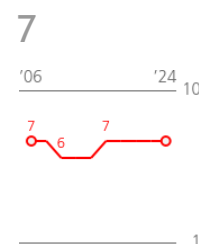
## 8 | Monetary and fiscal stability

Controlling inflation and ensuring an appropriate foreign exchange rate are recognized as important goals. The National Five-Year Development Plan 2021/22 to 2025/26 sets a target inflation rate at 4.4%. Since 2001, the annual inflation rate has averaged between 3.3% and 8%, with the exception of 2008 to 2012, when inflation reached 15%. At the end of 2020, the inflation rate had fallen to 3.3%. Mainly due to the effects of the war in Ukraine, the inflation rate increased to 4.9% in December 2022, with food and non-alcoholic beverages (9.3% in December 2022) and transport (8.2% in September 2022) showing significantly higher rates.

The currency policy has had mixed results. Due to a persistent foreign trade deficit and variable international transfers (e.g., in the form of development aid), the value of the Tanzanian shilling has slowly but steadily fallen since 2006 in relation to the U.S. dollar. However, the exchange rate has remained relatively stable in recent years. According to IMF data, the real effective exchange rate (based on CPI) has experienced significant variation in recent years, declining from TZS 104.4 to the U.S. dollar in 2009 to TZS 90.4 in 2011, then rising to TZS 119.3 in 2014, and subsequently falling to TZS 109.4 in 2017. There is no available data for recent years. Nonetheless, the Bank of Tanzania reports that the real effective exchange rate remained stable in 2021 and 2022.

The central bank is fairly independent and competently run but is subject to occasional political influence.

### Monetary stability



Over the past two decades, Tanzania has achieved macroeconomic stability as a result of market-oriented reforms, prudent macroeconomic policies and strict discipline in its fiscal policy.

Since 2016, the current government has implemented drastic measures to reduce unnecessary government expenditures, waste of public funds and tax evasion. Increasing tax revenue has become a primary government goal. However, since President Hassan took office, the authorities have abandoned the often-harsh methods of tax collection her predecessor pursued.

Government consumption was slightly reduced to 8.5% of GDP in 2021 from about 10% of GDP in 2011. The government used 62% of the 2021/22 budget for recurrent expenditures, with 38% spent on development projects.

The fiscal deficit in recent years has averaged between 1.5% and 5% of GDP, thus generally meeting the prescribed targets. The overall fiscal deficit decreased to 3.6% in 2021/2022 from 3.8% of GDP a year earlier, according to the Bank of Tanzania. Public debt has continuously increased from 24.0% of GDP (2009) to 40.7% in 2021. Debt services increased to 24% of total expenditures in the 2021/2022 fiscal year. The IMF and the World Bank concluded in September 2021 that Tanzania was at moderate risk of external debt distress, with the value of the public debt-to-GDP ratio remaining contained at around 30%, well below the 55% threshold.

According to the Bank of Tanzania, the government's budget was hardly affected by the COVID-19 pandemic and the war in Ukraine. Revenue collection reached approximately 95% of the set target due to improved revenue collection.

## 9 | Private Property

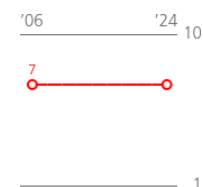
The 1977 constitution guarantees the right to own property. The Land Act of 1999 defines and regulates the acquisition, benefits, use and sale of land. Although land property rights are regulated, numerous conflicts over land occur due to a lack of title deeds, non-formalized transfers of land, unclear ownership status, corruption and unfair application of the law. In addition, despite the constitution and several laws prohibiting all forms of discrimination in property ownership, customary laws and inheritance practices, traditions and norms often deny women the right to own property. Several projects have been undertaken to clarify and formalize land tenure, settle land conflicts and issue title deeds, but progress has been exceedingly slow. Most rural land is still not properly documented, creating serious problems when determining adequate compensation for major land investment projects and leading to accusations of land-grabbing.

The state is not allowed to confiscate land without paying fair and adequate compensation to occupants. However, there have been several cases of authorities confiscating land on grounds of general welfare without paying any or only inadequate compensation.

In the 2022 International Property Rights Index, Tanzania ranked 79th out of 129 countries globally and seventh out of 28 African countries, with a score of 4.584.

### Fiscal stability

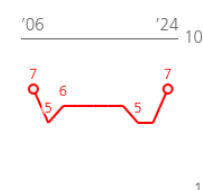
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### Property rights

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Unlike the previous administration, the Hassan government sees the private sector as a driving force for the country's economic development and has improved the environment for private companies.

A comprehensive program was undertaken in the 1990s to privatize most state-owned enterprises from the socialist era. Since then, private business has become increasingly important. After a slow start, the pace of privatization increased, and by 2014, around 80% of approximately 400 state-owned enterprises had been privatized. Privatization has not always followed market principles and has often been rife with corrupt practices. Breweries, the tobacco industry, cement companies and banks have been successfully privatized. Practically all manufacturing companies have been fully privatized; however, due to some remaining dormant or failing after privatization, the government has repossessed some formerly privatized companies.

However, the privatization of key infrastructure operators, such as telecommunications, electricity services, airspace, railways and port authorities, has either ceased or remains unfinished. Nevertheless, in certain sectors, such as telecommunications and electricity, both state and private or community-based enterprises coexist. In 2006, the government repurchased 49% of the previously privatized shares of Air Tanzania and has recently begun efforts to revive the struggling airline. Unfortunately, privatization of the Tanzania Railways Corporation in 2007, which occurred after being acquired by a state-run Indian investor (Rites), ultimately failed in 2010.

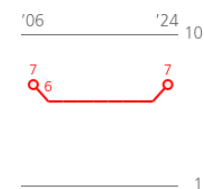
## 10 | Welfare Regime

The extended family network is the most important social safety net for the majority of people.

Private and governmental social security schemes (e.g., health insurance and pension funds) exist mainly for a relatively small number of people, specifically permanent employees of large companies and the state. According to the health minister, only about 15% of the population was covered by health insurance in 2021. However, the Ministry of Health has announced the introduction of universal health coverage for 2023. Although other forms of formalized social security schemes exist, such as community health funds, the majority of poor individuals primarily rely on informal networks to mitigate social risks. Since the majority of the population is poor, these informal networks can only offer the most basic coverage. The government subsidizes the public health system, but, apart from a very few national hospitals, it is poorly equipped. Public expenditure on health from domestic sources averages around 1.5% of GDP, with international donors contributing up to 40% of the health budget.

### Private enterprise

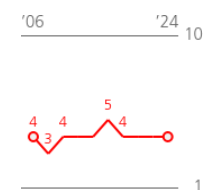
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### Social safety nets

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Beyond this, even formal security nets provide an insufficient level of welfare; pensions are very low, and most government hospitals struggle to offer essential services. However, life expectancy at birth has increased significantly to 65.8 years in 2020 from 58.6 years in 2010.

Moreover, there are Village Community Banks (VICOBA) and Savings and Credit Cooperative Organizations (SACCOS). These organizations are registered with the central bank and provide financial assistance to their members.

Non-citizens can access the social security net if they work for a company in the formal sector.

Tanzania's constitution prohibits discrimination based on gender, color, place of origin, political opinion, religion, nationality, tribe or station in life. Anti-discriminatory legislation is in place but has yet to be adjusted to support this constitutional principle. One example is in cases of access to land, inheritance and marriage, where discrimination against women occurs.

Constitutional principles are also contradicted by customary laws, which are usually applied in rural areas and deny women equal opportunities in certain instances – for example, rights to inheritance.

Despite government programs aimed at supporting people with disabilities, they do not have equal opportunities in terms of access to education and employment or barrier-free environments.

Cultural norms, poverty and the scarcity of support institutions outside of urban areas are the primary factors impeding equal opportunity.

Whereas there is gender parity for enrollment in primary schools, the ratio of female to male enrollment is 1.1 at the secondary and 0.8 at the tertiary education level (World Bank 2022/11).

In November 2021, the government changed its controversial policy of barring pregnant schoolgirls from continuing their education. Pregnant girls are still required to leave school, but they are now permitted to resume their studies after giving birth.

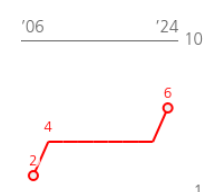
Completion rates of primary, secondary and upper secondary education rely significantly on place of residence and economic background. Students from urban and wealthy backgrounds are more likely to complete their education than children from poor and rural settings.

Women account for 48.2% of the total labor force (2021). The gross enrollment ratio is 95.8% for primary, 31.4% for secondary and 7.8% for tertiary education (2022). The adult literacy rate among the total population is 77.9% to 83.2% among men and 73.1% among women (2015).

A gender quota of 30% exists for national and local elections.

Equal opportunity

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## 11 | Economic Performance

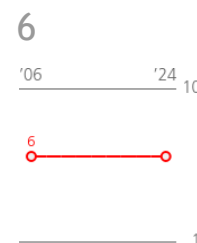
Since the early 2000s, Tanzania's GDP has shown a remarkably consistent growth rate of between 6% and 7%, although it remains at a relatively low absolute level. Based on purchasing power parity (PPP), GDP per capita was \$2,933 in 2021 (\$2,229 in 2011). Tanzania continues to be one of Africa's fastest-growing and most consistently performing economies, but the vast majority of the population still has a very low level of material wealth. Approximately 27% of the population lives below the national basic needs poverty line. To substantially reduce deeply ingrained poverty in the country, steady growth rates of 8% to 10% would be necessary. With a very high population growth rate of nearly 3%, GDP per capita growth slowed to only 1.3% in constant local currency in 2021, marking an ongoing decline from 2.7% in 2019 and 3.7% in 2016. In 2020, the inflation rate was contained at around 3.3%. However, due to the effects of the war in Ukraine, inflation increased to 4.9% in December 2022. Notably, food and non-alcoholic beverages experienced a significantly high inflation rate of 9.3% in December 2022, while transportation costs inflated by 8.2% in September 2022.

In July 2020, the World Bank announced that Tanzania had been upgraded to lower-middle-income status. The country's GNI per capita increased to \$1,080 in 2019, surpassing the threshold for lower-middle income status of \$1,036. However, the World Bank reminded the government that the Tanzania Development Vision (TDV) 2025 development goals were much broader than this, and only a small portion had been achieved by surpassing the threshold. The World Bank emphasized that investing in human development and physical capital was crucial for achieving the TDV 2025 goals and enhancing the quality of life for all Tanzanians.

Most macroeconomic indicators are currently satisfactory. The current account deficit was reduced from about \$5 billion in 2014 to \$1.1 billion in 2020. Foreign direct investment increased sharply as a result of the change in leadership and President Hassan's pro-business approach, reaching \$4.144 billion between March and November 2021. Foreign investors were mainly attracted by the extractive industries and the primary agricultural products sector. According to the IMF, public debt increased from 28.4% of GDP in 2011 (the result of the 2006 debt cancellation under the HIPC initiative) to 40.7% of GDP in 2021. The IMF-World Bank Debt Sustainability Analysis of September 2021 indicated that Tanzania's risk of external debt distress had increased from low to moderate.

Economic growth – primarily driven by capital-intensive sectors such as finance, transport and communications and state investments in significant infrastructure projects – as well as macroeconomic stability, have not yet led to a reduction in poverty or the generation of employment opportunities. Additionally, youth unemployment remains at a distressingly high level. Nearly half of Tanzania's

Output strength



population is under the age of 15. It is widely believed that a majority of the population is predominantly engaged in the informal sector or subsistence farming. Creating jobs for the approximately 800,000 individuals joining the labor market each year presents a significant challenge to both the government and the market. The rapidly expanding cities, particularly Dar es Salaam, face the most significant strain as a majority of youth seek employment in Tanzania's primary metropolitan area.

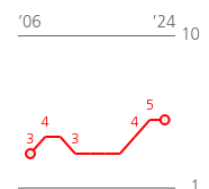
The country's economic backbone, the agricultural sector, performs insufficiently compared to its potential. It employs more than 60% of the workforce but contributes only about one-third of the GDP. The sector is dominated by the subsistence production of peasants, who depend on simple technologies and favorable weather conditions – and is thus highly affected by the effects of climate change. The government has announced the establishment of an Agricultural Development Fund and has quadrupled the agricultural budget for the 2022/2023 financial year.

## 12 | Sustainability

There is growing environmental awareness among Tanzania's political elite and the broader population. The National Environment Management Council (NEMC) has existed since 1983 (re-established in 2004) and plays the role of environmental watchdog – supervising national environmental legislation and taking legal action against institutions or companies that infringe on the law. The government adopted a National Environmental Policy in 1997, which was translated into an Environmental Management Act passed by parliament in 2004. Furthermore, Tanzania has ratified several multilateral environmental agreements and implemented policies, strategies, legislation and agendas that address a wide range of environmental issues, such as water, energy, fishing and coastal environmental resource management. Facing a dramatic loss of natural forest, which covers between 30% and 40% of the nation's territory, due to degradation and deforestation, Tanzania passed a National Strategy and Action Plan on Reducing Emissions from Deforestation and Forest Degradation, plus the sustainable management of forests, and the conservation and enhancement of forest carbon stocks (REDD+) in 2013. In 2018, parliament formally endorsed the Paris Climate Change Agreement. In 2021, the government presented the National Climate Change Response Strategy (2021 – 2026). The Environmental Master Plan (2022 – 2032) of June 2022 describes goals and interventions in 12 areas, including massive tree planting, mobilization for the use of alternative energy to reduce dependence on firewood and charcoal, protection of water sources, creation of a comprehensive waste management system, and enhancing institutional capacity for improving environmental governance. However, these plans have previously been poorly implemented. The current administration has indicated a willingness to implement the plans and strategies and to enforce environmental regulations.

Environmental  
policy

5



As of 2021, Tanzania's total electricity supply was 1,605.86 MW, consisting of natural gas (48%), hydropower (31%) and liquid fuel (18%). The government aims to further exploit the gas reserves (and produce liquefied natural gas for export). Three additional large hydro projects are currently under construction and will add another 2,682 MW to the grid. Although they have significant potential, solar, wind and geothermal energy have had little impact on power generation thus far but are now receiving attention from the government. VAT and import taxes on major solar components have been eliminated, and several projects to develop wind and solar plants are underway.

Despite these developments, environmental concerns are often overshadowed by efforts to promote economic growth. One prominent example is the controversial construction of the 2,100 MW Stiegler's Gorge Hydroelectric Power Station within the Selous Game Reserve, a UNESCO World Heritage Site. Both national and international stakeholders have expressed concerns about the negative environmental and social impacts of this project. Nevertheless, the government defends the dam's construction by citing plans to use the generated electricity, as well as the gas from southern Tanzania's offshore gas fields, as environmentally friendly alternatives to firewood and charcoal – an essential energy source for 90% of the population. Additionally, the government remains committed to the implementation of the East African oil pipeline, connecting Uganda to the Indian Ocean, despite fears it could result in annual carbon emissions of up to 34 million tons. Furthermore, despite significant environmental concerns, the government has granted approval for a nickel mine.

With an Environmental Performance Index of 34.2 in 2022, Tanzania's rank has increased to 134th out of 180 countries (it was 150th in 2020).

According to 2022 World Bank data, the primary education enrollment rate is 96.9%, the enrollment rate for secondary education is 31.4%, and the rate for tertiary education is 7.8%. The literacy rate was at 77.9% in 2015. In the U.N. Education Index, Tanzania has only slightly improved, with its score increasing from 0.432 in 2011 to 0.469 in 2021.

Primary school fees were abolished in 2001. In 2016, the Magufuli administration abolished fees for lower secondary schools. This action led to an increase in secondary school enrollment but also resulted in a significantly higher student-teacher ratio. Even so, poor families still face considerable financial burdens due to various other costs such as tuition, books, uniforms, food and transportation, which often lead to high dropout rates. Despite the increase in enrollment, public expenditure on education further dwindled to 3.2% of GDP in 2020.

The country's primary education challenges are low enrollment rates for secondary and tertiary education, as well as the extremely poor quality of education. This is a result of inadequate learning and teaching environments, shortages of teaching and learning materials, outdated curricula, overcrowded classrooms, overburdened

Education policy /  
R&D

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'06 '24 10



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students and teachers, poorly trained and motivated teachers, precarious living conditions for teachers and (female) students (especially in remote rural areas) and widespread poverty. In early 2022, the Ministry of Education assigned a team of experts to review the 2014 Education and Training Policy and revamp the education curriculum. The government sought input from various stakeholders on how to enhance education in order to produce competent graduates.

The number of universities and other higher learning institutions has significantly increased in recent years, bringing the total number to about 47 public and private universities and colleges. With very few exceptions, the quality of teaching and research is far below international standards. According to the World Bank, government investment in research and development (R&D) is very low (0.5% of GDP in 2013).

# Governance

## I. Level of Difficulty

Tanzania's very low level of economic and social development, weak basic market economic structures, poorly educated populace, poorly trained workforce, scant civic traditions, inefficient state administrative systems and only moderately established rule of law present extremely adverse conditions for a strong, committed transformation process. Despite this, there are positive factors that include the broad support accorded to the state and an absence of serious ethnic and religious disparities (a degree of national identity and integration comparatively high for Africa) – at least with respect to the mainland.

The country lacks modern physical infrastructure (although infrastructure is rapidly expanding), stressed by heavy use and inadequate maintenance, meaning that renewed investment in existing facilities is necessary every few years.

Several major infrastructure projects to improve ports, airports, railways, roads and energy generation and distribution have been completed or are underway.

Despite fundamental structural difficulties, the government is pursuing a transformation and industrialization strategy, albeit inconsistently.

The pandemic has not caused any significant disruptive shock, as an economic lockdown was avoided and extraordinarily high infection or death rates did not occur.

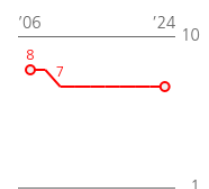
During the single-party era, public and civic engagement were monopolized by the ruling party. During the economic crisis years of the 1980s, local support groups emerged and were tolerated by the government. The political liberalization of the 1990s saw the mushrooming of all sorts of non-governmental organizations.

The vast majority of these organizations tends to directly support their members and refrain from political or civic engagement. The small number of professional CSOs, located mainly in the big cities, are highly dependent on foreign funding and generally lack solid social roots. They also have to negotiate between outright opposition to the government and constructive cooperation with the authorities.

Under the government of President Kikwete (2005 – 2015), CSOs gained a considerable degree of recognition, whereas the Magufuli government (2015 – 2021) drastically limited the space for CSOs and for civic activity in general. Organizations

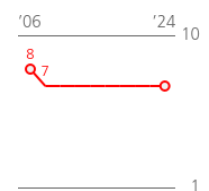
Structural  
constraints

7



Civil society  
traditions

7



and activists were persecuted, and new legislation increased state control over the sector. Although restrictive legislation is still in force, President Hassan's liberal policies have increased the scope for civil society engagement. The contributions of CSOs, including those critical of the administration, are considered valuable, and CSOs are involved in policy development and legislation.

Conflict intensity is remarkably low. Violence as a means of political conflict is strongly rejected by the population and by the political elite. People of different religious, ethnic and socioeconomic backgrounds generally live peacefully together. Additionally, political, religious and civic leaders refrain from mobilizing along lines of difference and instead preach unity.

Violent conflicts have, however, increased over the past 20 years, due mainly to tougher competition in the economic and political spheres. This can be attributed to growing income disparities and the combined effects of a growing population and increasing arable land degradation.

The various deep-rooted conflicts in Zanzibar – the intertwined conflicts between Zanzibar and the mainland, between the two main islands, and between the government and the opposition – constitute a serious challenge to peaceful development. Institutionalized cooperation between the two major political parties in Zanzibar in the Government of National Unity (GNU) and the opposition party's decision to participate in the GNU, despite its accusation that the 2020 elections were rigged, have significantly reduced tensions.

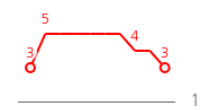
At the union level, President Hassan's reconciliatory approach is likely to reduce political polarization and help decrease political conflicts, which were significant under her predecessor. However, achieving this requires implementing substantial reforms, including abolishing restrictive laws and establishing independent electoral commissions.

Yet another area of conflict involves land allocation and use. There have been flare-ups between government authorities and residents in both rural and urban areas over the reallocation of land for economic development. In several rural areas, tensions have mounted between agriculturalists and livestock herders, necessitating involvement from the state, human rights activists and political entrepreneurs. The population increase, combined with economic growth and the expansion of livestock and farms, has already created intensified competition for land and may – particularly in light of the effects of climate change and environmental destruction – lead to an increase in violent conflicts.

Conflict intensity

3

'06 '24 10



## II. Governance Performance

### 14 | Steering Capability

The government has laid out several development plans in close cooperation with the donor community and partly in consultation with representatives from civil society organizations (CSOs), local research and higher education institutions, the private sector and vulnerable groups, among others.

The key document is the TDV 2025 of 1999, which sets the target of becoming a semi-industrialized, middle-income country by 2025. The Long-Term Perspective Plan (2011/12 – 2024/25) (LTPP) includes the Roadmap to a Middle-Income Country and provides a framework for implementing the TDV 2025. Three consecutive five-year development plans (FYDPs) set priorities and operationalize LTPP implementation. The FYDPs are operationalized by annual development plans.

Poverty Reduction Strategy Papers, known by their Swahili acronyms MKUKUTA and MKUZA, also aim to implement the TDV 2025. MKUKUTA I (2005/06 – 2009/10) and MKUKUTA II (2010/11 – 2014/15) were developed and monitored with significant civil society participation, as well as in alignment with the IMF and World Bank's prevailing policy advice at the time.

Several sector reform programs provide additional tools for implementing the TDV 2025. Tanzania was active in designing programs to implement the MDGs and Sustainable Development Goals (SDGs). The process for developing the domestic SDG agenda started in 2012, again involving various sectors of society.

Numerous development plans have, in fact, been created, but it has been unclear how much they were linked to each other in practical terms. It therefore remained unclear whether they allowed for the necessary prioritization of goals and measures. The government has reacted to this challenge by integrating the FYDP, MKUKUTA and the SDGs into one framework in form of the FYDP.

Implementation of plans and strategies is usually evaluated with the participation of external experts and representatives of the affected population.

Question  
Score

Prioritization

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The government has proved capable of achieving most of its macroeconomic objectives. Although annual GDP growth lags behind the envisioned 8% rate, Tanzania officially reached lower middle-income status in mid-2020, five years ahead of schedule. Additionally, the majority of planned infrastructure projects have either been completed or are currently in progress.

However, most MDGs and SDGs have not been met – particularly the eradication of extreme poverty and hunger.

Serious implementation deficits are due to several factors: an underpaid, unmotivated and frightened administration, particularly at the lower levels; a significant gap in knowledge and competences between higher and lower administrative levels; high personnel turnover in state administration; a top-down management culture in state administration with a high degree of centralization in decision-making; lack of clarity regarding which authorities are responsible for specific tasks; insufficient funds for implementation; and corruption, theft, nepotism, embezzlement, negligence and impunity, which have diminished but not disappeared. The budget targets for investment projects are regularly not met (at best, only two-thirds) due to the low implementation capacity of state institutions.

The current government – like its predecessor – is working hard to tackle obstacles to the successful implementation of its development programs. There are visible improvements to physical infrastructure, particularly roads; school and hospital equipment; improved management of public resources; and efficiency and work discipline in the state administration. Reforms were also implemented in politics, including liberalization of the political environment and lifting bans on media outlets, political rallies and pregnant school girls. Additionally, the business environment has been successfully improved.

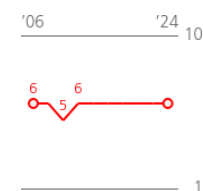
Political leaders in general exhibit policy learning and have replaced failed policies with innovative ones, albeit often without significant impacts.

The previous government, and President Magufuli in particular, demonstrated a very limited willingness for policy learning, with many policies rigidly enforced despite concerns expressed inside and outside the country. In contrast, President Hassan has repeatedly made it clear that successful policymaking also requires criticism and independent expertise. Since assuming power, she has initiated several policy reforms. Reviews of existing policies and formulation of new aims, contents and procedures frequently include the opinions and advice of experts, stakeholders (like NGOs) and target groups. New policy papers usually also contain paragraphs on lessons learned.

However, cooperation with the international donor community appears decisive in terms of policy enhancement and innovation, as well as introducing new instruments for planning, executing, monitoring and evaluating development measures.

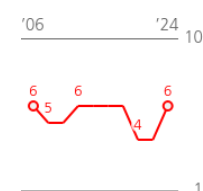
## Implementation

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## Policy learning

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## 15 | Resource Efficiency

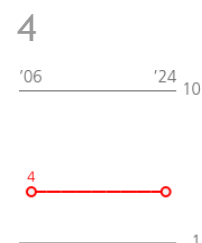
In its drive to stop theft, embezzlement and the waste of public funds, the government has introduced strict measures to reduce expenses and has in this way made funds available for development purposes. Nevertheless, the recurrent expenditure part of the budget still far outweighs expenditures for development spending, and the number of civil service staff is excessively high and has not been reduced. In recent years, significant results have been achieved in increasing domestic revenue through improvements in tax collection. Public debt increased to 40.7% of GDP in 2021 but remains manageable. Control institutions like the controller and auditor-general (but also, to a certain extent, the parliamentary Public Accounts Committee and Uhuru Torch Race) regularly reveal waste and misappropriation of public funds.

The country's human and organizational resources are, by and large, not efficiently used. Despite several reform programs to decentralize and strengthen the administration's competence, efficiency and transparency, many (if not most) civil servants are still insufficiently competent, poorly trained and lack motivation, particularly at the regional, district and local levels. Senior positions in the administration are appointed directly by the president, and personnel are frequently transferred to other positions.

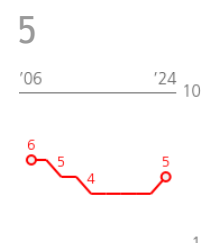
Generally, the government has structures and mechanisms in place to coordinate policies and conflicting objectives. Interministerial cooperation is, nevertheless, rather poorly institutionalized and leaves considerable room for improvement. The State House (President's Office) and the chief secretary serve, albeit inadequately, as centers to coordinate between conflicting interests. President Hassan revealed that conflicts between senior staff in ministries and the administration were among the reasons for the frequent reshuffles. Inadequate communication and understanding of responsibilities and a lack of vetting procedures when filling posts are among the reasons for these conflicts.

The design of policies usually involves the ministries and departments concerned, at least at the highest levels of the national government. There is also supposed to be regular policy coordination between the national, regional, district and local levels, but this is highly deficient and frequently undermined by local self-interests. Such self-interests are hard to monitor and control from the center. The sheer size of the country means that improving policy cohesion throughout the territory is difficult.

### Efficient use of assets



### Policy coordination

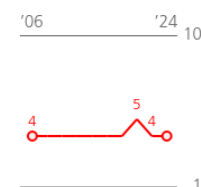


The country has an elaborate legislative and institutional framework to combat corruption, but anti-corruption laws are applied inconsistently and are poorly enforced. In 2017, the government launched Phase III of the National Anti-Corruption Strategy and Action Plan (NASCAP III) 2017 to 2022, after Phase II had ended in 2011 with very limited success. However, NASCAP established several anti-graft institutions, such as the National Steering Committee, the National Anti-Corruption Forum and various integrity committees at all administrative levels. In 2016, the government established the Economic, Corruption and Organized Crime Department at the High Court with specifically trained judges.

The Prevention and Combat of Corruption Bureau (PCCB), established in 2007 as the main agency for preventing and fighting corruption, is tasked with providing anti-corruption training and education, investigating allegations of corruption and prosecuting offenders. Despite the agency's increased budget, the PCCB is constrained by poor investigative capacities. Several prominent scandals have not been investigated, and even PCCB staff have been involved in corruption. In July 2022, President Hassan tasked a commission with proposing overdue structural reforms to improve the country's inefficient, corruption-prone social justice institutions, including the police force, National Prosecution Office, Prevention and Combating of Corruption Bureau (PCCB), prisons and the Drugs Control and Enforcement Authority.

#### Anti-corruption policy

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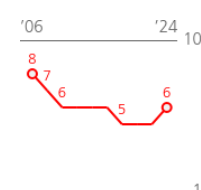
## 16 | Consensus-Building

Obviously, not all major political actors agree on democracy as a strategic long-term goal, particularly not everyone in the ruling CCM Party. President Hassan and her inner circle, on the one hand, have consistently declared that democracy is a major goal and have introduced reforms, albeit cautiously, to reverse the autocratic transition pursued by her predecessor. On the other, members of the CCM – mainly those associated with former President Magufuli – reject liberal multiparty democracy and the rule of law. The leaders of opposition parties, civil society organizations (CSOs) and religious leaders agree on democracy as an important goal and demand further reforms to re-establish and strengthen democracy. But opposition parties have shown that they have only a limited commitment to genuine democratic values and practices, especially when it comes to internal procedures for filling leadership positions and handling intraparty conflicts.

Tanzania's decision-makers generally agree on the goal of transforming the country into a semi-industrialized, middle-income country. However, there is disagreement about the road to achieving this goal and dissenting opinion regarding the government's pro-business economic course. Supporters of the former president prefer a state-centric and nationalist economic policy, as opposed to a business- and investor-oriented approach.

#### Consensus on goals

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Relevant anti-democratic actors operate above all in the ruling party (and thus also in parliament), the administration and the security forces. President Hassan has managed to bring the party and the administration under her control through personnel changes, thus reducing the influence of anti-democratic, authoritarian forces. She also sent signals by changing leadership positions in the police force and setting up a reform commission.

The state-party fusion (CCM and government) is a major anti-democratic actor in Tanzania. Since the return of pluralist politics in Tanzania, the CCM has continued to behave as it did when the party was supreme. It is difficult to draw the line separating the party from the government.

There are still influential supporters of the former president in the party who reject democratic values and principles and would not accept the party's loss of power at any price. Consideration for this influential group may be partly responsible for the hesitant implementation of structural democratic reforms – such as the repeal of anti-democratic laws and establishment of independent electoral commissions.

There are no politically significant deep-rooted ethnic, religious or separatist cleavages in Tanzania – with the exception of Zanzibar. Moderating conflict and integrating different interests have long been characteristics of politics in Tanzania – sometimes at the expense of more substantial reform policies.

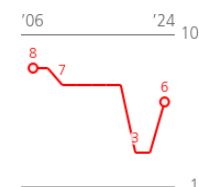
In contrast to decades of inclusive politics, former President Magufuli's authoritarian stance has deepened the split between the ruling party and the opposition. However, President Hassan's conciliatory approach has significantly defused the conflict.

The 2010 amendment to the Zanzibar constitution, which provides for the formation of a government of national unity (GNU), including all political parties represented in the Zanzibar parliament, has strongly helped to reduce tensions between supporters of the islands' two main parties. Conflict intensified again after the 2015 elections, when the Zanzibar Electoral Commission declared the elections void and ordered a rerun, which was boycotted by the main opposition party. Consequently, between 2015 and 2020 the opposition was excluded from the government.

The situation has, however, improved since then – despite disagreements over the credibility of the 2020 elections and the human rights violations that occurred during them – the two conflicting parties and their leaders have demonstrated their willingness and ability to overcome political confrontation and cooperate in the Zanzibar Government of National Unity.

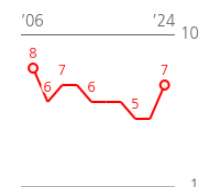
#### Anti-democratic actors

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#### Cleavage / conflict management

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In the decade of Kikwete's presidency (2005 – 2015), the political space for civil society participation grew considerably. CSOs were increasingly accepted by the political leadership as important and legitimate contributors to the country's development. They were able to initiate new legislation, were consulted by parliament and were involved in the formulation of new laws or policies. This, however, only applied to some CSOs professionally working in large towns and cities, particularly in Dar es Salaam. In several other cases (e.g., the formulation of media laws), however, CSOs demands for participation were ignored.

The Magufuli administration displayed a rather negative attitude toward CSO participation in the political process. It repeatedly intimidated and threatened CSOs and their personnel and enacted several restrictive laws that increased government control over CSOs.

Although the restrictive laws are still in force, the climate for CSOs has improved significantly since President Hassan took office. Their critical contributions are explicitly encouraged.

In the conventional sense, mainland Tanzania does not have a history of acts of injustice resulting in victims and perpetrators and forcing the political leadership to bring about reconciliation.

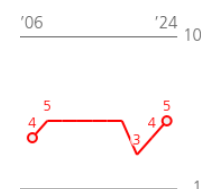
However, Magufuli's authoritarian policies not only divided society but also deeply wounded the opposition. In July 2022, in an open letter to Tanzanian citizens marking the 30th anniversary of the reintroduction of the multiparty system, President Hassan articulated the need for reconciliation. She invited opposition leaders to reconciliation talks, which they accepted. However, it is unlikely that the new administration will deal with the violence committed against members of the opposition during Magufuli's rule.

In Zanzibar, actors from the two conflicting political parties have overcome the differences that deepened after the 2015 elections and escalated into violence in the 2020 elections. After lengthy internal deliberations, the leadership of the opposition ACT-Wazalendo Party accepted new Zanzibar President Mwinyi's offer to join the government of national unity. Mwinyi promised cooperation and reconciliation.

However, in Zanzibar the situation is complex. Memories of the "1964 Revolution" – in which the sultan's government was toppled, between 5,000 and 15,000 people were killed and thousands were exiled and expropriated – have been manipulated by the victorious societal and political group that has held power since. There have been no attempts to reconcile the various victims or to allow interpretations of these violent events that differ from the official narrative. Furthermore, mainly during election campaigns, some members of the ruling CCM Party have manipulated history to agitate against the main opposition party, which they accuse of planning to re-introduce the pre-revolutionary order.

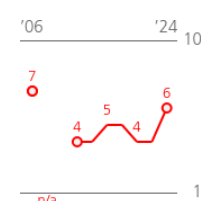
## Public consultation

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## Reconciliation

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No efforts have been made to reconcile various post-revolution injustices, such as repressions during the autocratic rule of Zanzibar's first President Abeid Karume (assassinated in 1972) or more recent human rights violations against members and supporters of the opposition.

## 17 | International Cooperation

With the Tanzania Development Vision 2025 (TDV 2025), the government has a clear vision for the country's economic and social development. Medium- and long-term implementation strategies have been developed, as have several sector reform programs, plans, policies and strategies.

Consecutive governments have, for many years, cooperated constructively with a wide range of bilateral and multilateral donors to promote Tanzania's transformation to democracy and a market economy. In this regard, governments have made the most use of international aid and cooperation and seem to have undergone a substantial learning process. To a certain extent, this also applies to South-South cooperation, where successful approaches from other countries are partially adopted.

While former President Magufuli was skeptical about the value of international cooperation – which he branded as unwanted interference in internal affairs – President Hassan places great value on cooperation with the international community. Relations with international partners have improved significantly since she took office; this is likewise noticeable in an increase in trade, direct investments, and project loans and grants.

The implementation of policies and programs has improved. However, policy inconsistencies, inefficiency, embezzlement and corruption still pose major problems for implementation.

For many years, Tanzania's international partners had a reliable and largely predictable view of the government. Bilateral and multilateral development partners tended to view Tanzania positively, and the government complied with its international commitments, even if it often delivered reports to international bodies very late or not at all. Numerous cases of grand corruption, however, led to doubts about the government's credibility.

Former President Magufuli's authoritarian stance with regard to constant violations of democratic principles, human rights and the rule of law, as well as his handling of the COVID-19 pandemic, his erratic, nationalist economic course and his increasingly anti-western rhetoric tarnished Tanzania's image as a reliable partner.

Since coming into office, President Hassan has made it clear that reliable cooperation with international partners is a priority. Her intense diplomacy and her reform agenda are attempts to restore the international community's confidence in the government's credibility. It remains to be seen, however, how this will develop in the long run.

Effective use of support

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Credibility

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Tanzania generally maintains good relations with all its neighbors and participates in numerous joint trade and infrastructure projects. The country is a member of various international political and economic organizations in Southern and Eastern Africa, most importantly the EAC and SADC. The 2019 African Regional Integration Index ranked Tanzania as a low-average performer in both blocs. However, integration activities, particularly within the EAC framework, have since intensified. In September 2021, the parliament ratified the Agreement Establishing the African Continental Free Trade Area (AfCFTA).

President Hassan has improved relations with neighboring states, which suffered some damage from Magufuli's nationalist economic policies and his unilateral approach to the COVID-19 pandemic. In her first six months in office, she visited almost all of Tanzania's neighboring countries (apart from the DRC). By the end of 2022, she had made almost 30 official trips to some 20 countries. She commonly used these state visits to promote investment in Tanzania. Her diplomatic work is in striking contrast to that of her predecessor, who made only 10 presidential trips to eight countries in his entire time in office.

In particular, President Hassan was able to significantly improve strained relations with an important partner, and economic and political competitor, Kenya. These had deteriorated under Magufuli's tenure and were overshadowed by trade disputes and mutual accusations of business harassment. Her inaugural visit, which she used as a charm offensive, resulted in the establishment of a Joint Trade Committee that identified tariff and non-tariff barriers to trade. Many of these trade barriers have since been removed.

During the review period, no progress was made to resolve the simmering border dispute with Malawi. Both sides rely on international arbitration and maintain good neighborly relations.

Tanzania has contributed troops to the Southern African Development Community Mission in Mozambique (SAMIM), deployed to fight the Islamic State-group-linked insurgency in northern Mozambique.

#### Regional cooperation

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## Strategic Outlook

The government's actions under President Hassan will be determined primarily by the need to consolidate its own power – especially against potential disruptions in its own ranks – and by setting the course for a candidacy and election victory in 2025. All political considerations will be subordinate to these goals.

President Hassan appears willing to correct some of her predecessor's mistakes. She has stopped Magufuli's authoritarian transformation and initiated reforms that indicate a commitment to restoring and deepening democracy, the rule of law and a market economy with sociopolitical safeguards.

There is still an urgent need for reform in the areas of democracy and the rule of law. The restrictive laws enacted during Magufuli's presidency are still in effect after President Hassan came into office almost two years. These severely restrict democratic rights and freedoms. However, simply repealing these laws is only an initial step toward furthering democracy and the rule of law. Furthermore, it is crucial to redefine the values, goals, procedures and structures of the country's political system through dialogue with political parties, civil society and experts. This dialogue could occur in the medium term (after the 2025 elections), potentially as part of a resumption of the opposition's long-demanded revision of the constitution. An essential prerequisite for conducting the 2025 elections in a credible and peaceful manner is the restoration of constitutional rights and the facilitation of equal opportunities for the opposition, for example, through the establishment of independent election commissions.

Like her predecessor, Hassan and her administration have demonstrated their commitment to the country's economic development and to addressing some of Tanzania's major problems – tackling corruption, theft, waste and the embezzlement of public funds, as well as inefficiencies and low productivity in the public sector. To sustain these efforts, it will be necessary to implement genuine structural reforms in a more participatory societal climate. Efforts should be made to enhance democratic and participatory governance structures and procedures and to strengthen public institutions. The reform commission's recommendations should be examined seriously and, if they make sense, implemented.

Concerning economic issues, Tanzania is generally on the right track. The rolling five-year development plans serve as suitable guidelines, and the return to a market-oriented, reliable, business and investor-friendly economic policy has led to increased direct investments and project loans. However, the country's recently attained lower-middle income status remains fragile, with the benefits of growth highly unevenly distributed among the population. Growth rates of approximately 5% to 7% are unlikely to be adequate in alleviating Tanzania's deeply entrenched poverty.



To promote more inclusive growth, active support is needed for small and medium enterprises to create much-needed jobs, particularly in rural areas. The high level of youth unemployment poses a latent threat not only to the economic but also to the country's peaceful political development. A much greater emphasis should be placed on the development and modernization of the large, yet previously neglected, agricultural sector. Supporting small-scale farmers could serve as an alternative to large agro-industrial investments. A major challenge involves improving the quality of education at all levels and enhancing learning and teaching environments. The same applies to vocational training. Without a comprehensive, broad-based improvement in the population's educational attainment, Tanzania's overall development level will not experience significant growth.