

Tanzania: A Diagram For Success In 2022

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There can be few countries for whom the phrase ‘new start’ is more applicable, than for Tanzania. As the Covid-19 pandemic ripped around the world in early 2020, her President, John Magufuli, adopted a position of deeply religious opposition: claiming that prayer could drive the virus away, mocking masks and medical intervention as unnecessary in the face of God, and asserting that Tanzania was completely free of coronavirus by July due to divine intercession. Such measures – which saw official statistic reporting forbidden – meant that the true scale and impact of coronavirus in Tanzania went largely unrecorded. Then, in March 2021, Magufuli died. His political, and indeed social, legacy is likely to have his coronavirus shame writ large, and Tanzania will feel the effects of his profligacy for years to come. But amidst the twin tragedies of Magufuli’s too-young passing and the damage he inflicted on his country, there is a genuine opportunity for Tanzania to step out of the shadow of his legacy – in all respects – and fully embrace its position as one of Africa’s leading nations.



Politically, Tanzania’s direction is very encouraging, although the downsides must first be acknowledged. Although Magufuli was seen internally as a man of action who was taking a tough line against corruption, earning the nickname ‘The Bulldozer’ (and it is fair to say both that few instances of corruption touched him personally during his entire political life, and prevalence was likely a good deal lesser in Tanzania than elsewhere), his authoritarianism and crackdown on human rights and freedoms was unarguably a low point; even more so when described as ‘populism’. And no matter how intensive or effective his personal efforts may have been at tackling corruption, illicit practices remained throughout the country (as was admitted by the current President in her independence address of December 2021) and the international perception of how serious corruption actually was, is (understandably) different at home compared to abroad. With a score of only 38/100 on the most recent Corruption Perceptions Index and with 18% of public service users admitting to paying a bribe in the past twelve months, the picture is certainly not as rosy as Magufuli’s adherents would claim (albeit that ‘only’ 10% of surveyed users believing that overall corruption has risen in the last year, can definitely be classified as a positive, as far as African nations are concerned¹).

¹ All figures are drawn from <https://www.transparency.org/en/countries/tanzania>

It is important to address the Tanzanian market with realism from the start. Not only to acknowledge the problems, but to then better place in perspective the very real positives and benefits that the country can offer, and which make it an outlier in the general malaise one might consider when thinking of Africa.

And these positives are manifold. Presidential successor, Samia Suluhu Hassan, has an interesting task in straddling an unexpected divide: tackling the corruption that all rational parties accept exists, while attempting to perpetuate the Magufuli line that his no-nonsense efforts have already rendered this pointless. Much has been written on how African nations in their leadership either have, or need, strongmen: interesting to see if the same applies to strongwomen and to what degree Hassan will follow, or divert, from the course. Already she has made a 'strong start', both keeping with previous practice in sacking the director of the national Port Authority for suspected embezzlement, after not even being President for a week back in March and breaking with it in ordering reversions of Ministry of Information decrees that contributed to public suppression and reaching out to opposition leaders (not for the first time). Of course, her most fundamental plus point to date is commencing Tanzania's vaccination program. One cannot offer a definitive verdict on a presidency in just nine months, early signs are encouraging: while Hassan has retained Magufuli's apparent zero-tolerance approach to corruption and continued his economic evolution drive, she has in her attitude and outlook been far more conciliatory, inclusive, and mature than her late predecessor ever was.

It is, however, on the economy that Hassan and Tanzania in general will be judged. Financial growth has slumped from 6.8% to 2.1%, with the fiscal deficit rising to 2.3% and half a million more Tanzanians estimated to plunge into poverty as a direct result of Covid-19 - albeit that GDP is predicted to grow by 5.8% this coming year². Three main avenues can be identified by which Hassan intends to corral Tanzania onto a better course, with the need to generate FDI being paramount across all of these.

Firstly, physical infrastructure. This represents the biggest continuation of previous policy, with Tanzania looking to complete: an extensive railway from Dar es Salaam to northern Mwanza (and then into neighbouring nations); road development nationwide with accompanying measures to increase safety; the Julius Nyerere hydroelectric dam to provide an expanded capacity of 2115MW and significantly boost industrial power capabilities and the standard of living; and the attempted raising of the lacklustre capital, Dodoma, to the level of Dar, by establishment of a new industrial zone at Nala, and legal/infrastructural inducements for major firms to set up in the former. All physical, practical measures that prove to the world that Tanzania has the capabilities underpinning any business requirement and, with financial assistance coming from the World Bank, IMF, and African Development Bank, indicate that the international community knows it as well.

² All figures are drawn from <https://www.afdb.org/en/countries-east-africa-tanzania/tanzania-economic-outlook>

(It is worth noting that government departments dealing with infrastructure and procurement - such as Tanroads - are, as KCS knows from experience, where elements of the most serious corruption are found, given the importance of the projects and the levels of finance involved. All the more reason that such matters are both vital to the health of the nation and must be treated with appropriately high levels of caution.)

Secondly, 2022 and beyond, looks set to be Tanzania's era of 'digital transformation'. This is driven by several factors: greater opportunity for financial institutions, increased flexibility for businesses, and better transformation of key economic sectors (not least the agricultural one), on which the country is dependant. While in general terms, this is expressed through factors such as the National Broadband Strategy and general encouragement of 'innovation sandboxes' amidst a digital-focused outlook and the creation of nationwide tech hubs, there are also specific improvements seen. For instance, in Tanzanian farmers being able to digitally authenticate seeds or better plot their activities based on improved weather forecasts. Tech and digitisation are thus leveraged to improve productivity and capabilities, with the knock-on ideated effect of greater income and development. Additionally, Tanzania is preparing to launch a 'digital shilling' controlled by its Central Bank, with the support from the President that was not forthcoming under the previous incumbent. This potential shift towards a cashless society may have had its roots pre-pandemic, which is itself indicative of Tanzania's future-focus, but can only be heightened further by the twin factors of corona-induced necessity, and the end of the Magufuli era.

And thirdly (and particularly for those of an international bent), Hassan looks set to restore Tanzania's outward-facing approach to the world. Magufuli was at times needlessly punitive towards international companies (such as the \$190bn tax bill faced by Canadian firm Acacia Mining) in attempts to consolidate domestic superiority, established arbitrary trading rules applying to the Tanzanian market, and made almost no attempt to travel or engage with the regional or international community. Hassan has spoken openly of the need to 'restore confidence' of international investors into Tanzania, by creating more certainty around the business climate – something Magufuli seemed to take delight in not doing - and ease bureaucratic and legal obstacles. It is a strategy that is paying off, if the \$3.5bn USD cumulative projects approved since April 2021 in key areas of agriculture, industry and manufacturing are anything to go by.

The most significant deal of recent times, in representing the return of the aforementioned confidence, would be BHP's cumulative \$100m USD investment in the Kabanga Nickel Project: not only in the immediate financial sense, but the twin facets of focusing on environmentally-friendly techniques and in committing to long-term investment in a key sector. This is representative of both the value of key-sector projects such as this to improving Tanzania's outlook, and that international companies have the

confidence to return and inject so much investment when they could easily find similar opportunities elsewhere.

The wider context of this confidence must, of course, be set within the security context, whereby al-Shabaab and ISIS affiliates struck southern Tanzania in attacks beginning in October 2020 as an extension of the ongoing insurgency in Mozambique's neighbouring Cabo Delgado province. And certainly – given that this insurgency led to the cancellation of at least one LNG project to be run by Total in Mozambique – Tanzania's oil/gas exploration efforts across the national south, and its mineral deposits along the Mtwara Development Corridor, could prove tempting targets.

Yet, despite the drawing of Tanzanian nationals to swell the ranks of the terror groups, no meaningful foothold has yet been established in the country and President Hassan has spoken in positive terms her belief that 'tranquillity' in the region has been restored. Certainly, the incidents to date lack sophistication and with a firm military response to even opportunistic incursions, Hassan is envisaged to take no prisoners in this respect either.

Politicians adore setting out 'five-year plans' or similar, as an indication to voters (or a reminder to themselves) that there is, actually, a plan. Tanzania is no different, with the '2025 Vision' always being aimed at taking the country through to the next general election. The difference is that it now does so without a science-denying anti-vaxxer 'bulldozer' at the helm who, whatever his personal charms, had mired Tanzania in stagnation. Hassan is in both temperament and capability, ideally placed to parlay Tanzania's geographic location, relative stability, and varied growth industries – which in all respects it supersedes its neighbours – to even greater success. Indeed, it would not be too much of a leap to say that the past year has represented something of a 'sea change' not only in the practicing of Tanzanian politics & business, but in its perception. The Grey Areas are still there – bureaucratic intransigence, a suppressed media and established authoritarianism – but there are clear signs that each of these (and more) are being addressed, and that confidence is being restored not just in theory, but in practice.

As in most things, a balance must be found. It would be wrong to claim that Hassan is a 'shining light' who will immediately banish the worst excesses of Magufuli's cult of autocracy, just as it would be incorrect to assume that the developments and projects will automatically be subject to corruption. What we have, are two separate Venn diagrams. One that indicates physical, digital, and societal improvements (the 'capability'), and one emphasising political stability, multiple growing industries, and a key continental position (the 'opportunity'). It is no surprise that Tanzania is a rare nation that can sit in the centre of both.

President Hassan might not be a strongman in the truest sense of the word, but she is undeniably a 'strong hand', one that is equally at home taking a firm line against terrorism & corruption, as she is creating new opportunities and enhancing existing prospects. It means that, whatever way you look at it, Tanzania is primed for success in 2022 and beyond.

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