

# CPIA Detailed Report

## Country: Tanzania

Exercise Year: CPIA Exercise 2023

Currency: Tanzanian Shilling (TZS)

City: Dar Es Salaam

Income Group: Lower middle income

Lending Category: IDA

**Final CPIA Score: 4.222**

## (A) Economic Management

Cluster Score: 4.667

### 01. Fiscal Policy

Criteria Score: 4.5

#### 1. Fiscal Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania's fiscal position has remained strong in line with the authorities' efforts to control expenditures and keep deficit within sustainable limits. Recent expenditure management measures have resulted in the

rebalancing of public spending with recurrent outlays declining from 10.3 percent of GDP in fiscal year 2019/20 to 9.7 percent of GDP in fiscal year 2021/22 before picking up to an estimated 11 percent of GDP in fiscal year 2022/23, largely driven by priority social spending in the health and education sectors. This trend in recurrent spending was matched with corresponding increases in capital spending, which rose from 6.3 percent of GDP in fiscal year 2019/20 to 8.5 percent of GDP in 2021/22 before moderating to an estimated 7.5 percent of GDP in 2022/23 – a result of expenditure rebalancing by the authorities to allow space for priority social spending. Domestic revenues weakened from 14.5 percent of GDP during fiscal year 2019/2020 to 13.2 percent in fiscal 2020/21 because of COVID-19's impact on the economy before increasing to 14.4 percent of GDP in fiscal year 2021/22 aided by the recovery in economic activity. However, current estimates are for revenues to stagnate around 14.4 percent of GDP in fiscal year 2022/23. The fiscal deficit increased from 1.9 percent of GDP in fiscal year 2020/21 to 3.9 percent of GDP in fiscal year 2021/22 and is estimated to moderate to 2.8 percent of GDP in fiscal year 2022/23, financed both by external and domestic borrowing. The authorities have remained cautious, maintaining the level of net domestic financing of the budget below 1 percent of GDP to avoid crowding out of private sector credit. The government has continued to implement several measures to improve domestic revenue mobilization – including, simplification of taxpayers registration procedures, continued rollout of electronic fiscal devices, and increased use of information technology to collect both tax and nontax revenues. With these fiscal policy measures, Tanzania's public debt remains sustainable, and the level of external public debt has been contained at around 27.9% of GDP in 2021/22, and is estimated at 26.9% of GDP in 2022/23, and projected to moderate further to 25.8% of GDP in 2023/24. The official external exchange reserves have averaged 4 months of imports over the past two years (Data used in this assessment has been obtained from the Ministry of Finance and IMF's reports on Extended Credit Facility (ECF) program to Tanzania and Article IV Consultation April 2023)

## 02. Monetary Policy

Criteria Score: 5

### 2. Monetary Policy

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

#### Country Notes:

In pursuit of the monetary policy objectives, the Bank of Tanzania deploys a mix of monetary policy instruments, namely: sale of government securities, foreign exchange operations, repurchase agreements, and stand-by facilities. Monetary policy in 2021 and 2022 was relatively accommodative, with aim to support recovery of economic activity from the effects of COVID-19 pandemic. Annual growth of broad money moderated from 16% in 2021 to 12% in 2022, while annual growth of credit to private sector increased

from 10% in 2021 to 22.5% in 2023 (Bank of Tanzania, Monthly economic reviews). Monetary policy in 2022/23 was cautiously accommodative as authorities sought to anchor inflation expectations emanating from a sharp rise in global commodity prices. Annual growth of the broad money supply increased slightly to 15.6 percent in April 2023 compared to the 15.3 percent in the corresponding period in 2022. Annual average inflation increased to 4.3 percent in 2022 compared to 3.7 percent recorded in 2021, driven by increases in food and energy prices. However, the core inflation rate, which excludes food and energy prices, declined from an annual average of 4.1 percent in 2021 to 3 percent in 2022, but food inflation increased from an annual average of 0.3 percent in 2021 to 8.8 percent in 2022 while energy inflation increased from an annual average of 3.1 percent in 2021 to 9.1 percent in 2022 (National Bureau of Statistics, regular inflation publications). The exchange rate remained stable in 2022, with the Shilling shedding only 0.24 percent of its value against the US dollar during the year, which was supported by high gold exports and a continued recovery in tourism earnings. According to the AfDB African Economic Outlook, Tanzania's current account balance widened from 3.4% of GDP in 2021 to 5.7% of GDP in 2022 because of rising global commodity prices, but is estimated to moderate to 4.8% of GDP in 2023 on the back of continued recovery in tourism and higher earnings from gold exports.

### 03. Debt Policy

**Criteria Score: 4.5**

#### 3. Debt Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania's public debt increased from 41.3% of GDP in 2020/21 to 42% of GDP in 2021/22 but is estimated to decline to 39.2% of GDP in 2022/23, with external debt accounting for 71% of total public debt. The country's risk of external debt distress deteriorated from low to moderate in 2021, due to the effects of COVID-19 pandemic on exports, which reduced the country's space to absorb shocks. Despite these developments, Tanzania's public debt has remained sustainable. According to the IMF's Debt Sustainability Analysis published in April 2023, Tanzania's debt carrying capacity has improved, and the country has space to borrow externally for public investment without compromising its debt sustainability over the medium term. Even with the current public investment financing plan, Tanzania's public debt is projected to decline from 42% of GDP in 2021/22 to 37.8% of GDP in 2024/25. Currently, government borrowing is guided by Medium-Term Debt Strategy (MTDS 2022/23-2024/25), and the government has continued to exercise caution in debt management, to ensure sustainability of the public debt. In recognition of the fact that debt sustainability is sensitive to the terms of borrowing and its utilization, the Government has maintained its stance to contract external debt only on reasonable terms, and to ensure

that all non-concessional borrowing is used to finance high-priority investment projects. In line with Government's medium-term fiscal policy, the proceeds from non-concessional borrowing are used to support development projects particularly infrastructure development. The Government has also continued to control the issuance of guarantees on loans to various public institutions in order to maintain sustainability of the public debt.

## (B) Structural Policy

**Cluster Score: 4.056**

### 04. Policies and Institutions for Economic Cooperation, RI and Trade

**Criteria Score: 4.5**

#### 4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

#### Country Notes:

Tanzania remains committed to Regional Integration initiatives as one of the vehicles to achieve its national development aspirations. The country's participation in both the East African Community (EAC) and the Southern Africa Development Community (SADC) carries economic benefits, including the potential for increased trade and investment flows due to the elimination of both tariff and non-tariff barriers to trade. Also, Tanzania has signed and ratified the African Continental Free Trade Area (AfCFTA), which aims to boost intra-continental business to boost intra-African trade, reducing barriers to trade, such as removing import duties and non-tariff barriers. Tanzania ratified the AfCFTA in 2021. After signing and ratifying most of the protocols and agreements for regional economic integration and integration and cooperation, Tanzania has continued with implementation of the respective treaties, and remains a key player in other important initiatives for regional progress and stability – most notably, peace processes. Also, Tanzania has signed several preferential trade windows, including: African Growth and Opportunity Act (AGOA) of the United States (US), Everything but Arms (EBA) –of the European Union (EU), and bilateral agreements with several countries in a bid to expand export trade. However, benefits from regional integration and economic cooperation continue to be constrained by: low levels of competitiveness, the absence of adequate productive capacity, challenges in accessing finance, and the

poor state of infrastructure. Tanzania is considered to be a regional gateway, providing access to seaport for the several landlocked countries in the region - including Burundi, Rwanda, Zambia, Malawi, and DRC. Apart from Tanzania-Zambia Railway (TAZARA), the link to these countries is mainly through road infrastructure. Tanzania is currently upgrading it's regional connectivity by constructing a modern electrified Standard Gauge Railway line.

#### 4.b. Trade restrictiveness

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Following three decades of economic reforms, Tanzania's trade regime has become liberalized, and most of the external trade restrictions on imports have been removed, except for those items on which control is necessary for health or security reasons. Also, in line with the signed and ratified protocols and agreements for regional integration and economic cooperation, Tanzania has continued to make progress in removing both tariff and non-tariff barriers to allow smooth flow of trading activities with partner countries. With these initiatives, international trade continues to play a major role in Tanzania's economic growth. Following removal of trade restrictions and simplification of rules and procedures the volume of trade has continued to grow in recent years – with exports increasing from USD 9.8 billion in 2021 to USD 12 billion in 2022; while imports increased from USD 11.6 billion in 2021 to USD 16.7 billion 2022. Tanzania has continued with efforts to remove the Non-Tariff Barriers (NTBs), including easing of administrative procedures to allow for smooth trading, as well as removal of roadblocks. Currently, there are only three inspection points for security purposes within Tanzania, a significant development to allow for smooth movement of goods and persons to the neighboring countries in the great lakes area – including Rwanda, Democratic Republic of Congo, Zambia and Rwanda. Also, Tanzania has continued to collaborate with both EAC and SADC Partner States, to speed up the establishment of One Stop Border Posts (OSBP) at border stations with the aim of reducing unnecessary delays and bureaucracy in the Customs, Immigration, Standards and Security operations at border crossings. With regard to tariff barriers, Tanzania is a member of EAC, and maintains 3 tariff bands (0 for raw materials; 10% for semi-finished products and 25% on finished products) in line with the common external tariff provisions.

#### 4.c. Customs/trade facilitation

Score Type	Value
Draft Score	4.5

Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

### Country Notes:

Customs/Trade facilitation remains an integral part of the government's efforts to improve business environment and implementing the signed regional integration treaties. The most recent developments include the installation of one stop border posts at various border locations, as well as successful implementation of the EAC Single Customs Territory (SCT), which has helped in removing duties and restrictive regulations, and in minimizing internal border customs controls. Changes have been made at the Port of Dar es Salaam – including personnel and infrastructure upgrades – to make the facility more efficient as regional gateway to facilitate trade. These measures have been accompanied by improvement of systems – especially the IT infrastructure for customs administration, and improved transparency on customs laws and procedure. The customs department fully relies on IT for processing of declarations, duty assessment, as well as control of transit goods. Also, the laws, regulations and guidelines are published; and there is a formal mechanism for appealing customs decisions – which, for big cases, if not settled at the customs department level, can be taken up to the tax revenue appeals board. Further, following the implementation of the Tanzania Customs Integrated System (TANCIS), which is an online system for processing of customs documents, the time for both exporting and importing has been reduced significantly. Furthermore, the authorities have continued with efforts to address the infrastructural bottlenecks with focus on transport and communication infrastructure (roads, railway, ports and telecommunication); and ensuring the availability of reliable and affordable power supply, as part of trade facilitation. Also, the government has continued with efforts to modernize custom operations through increased use of IT systems - including the utilization of Single Electronic Window. These measures have helped in improving risk management in customs procedures and reducing corruption. However, challenges remain, particularly regarding power supply and transport infrastructure in general.

## 05. Financial Sector Development

**Criteria Score: 4.167**

### 5.a. Financial stability

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

### Country Notes:

Tanzania's banking sector has remained sound as reflected by financial soundness indicators, although it also faced risks due to declining asset quality in recent years. Financial sector in Tanzania is dominated by the banking sector, which accounts for more than 71 percent of the financial assets. According to the Bank of Tanzania's 2022 financial stability report, Tanzania's banking sector is stable, and remains adequately profitable and sufficiently liquid to support expansion of economic activity. The Financial Stability report indicates that, capital and liquidity levels of the banking sector were above regulatory requirements. Further the banking sector performance indicators, including the ratios of core capital and total capital to total risk weighted assets and off-balance sheet exposures, and liquid assets to demand liabilities were within regulatory thresholds. The ratio of non-performing loans to gross loans declined from 9.8 in 2020 to 5.7% in 2022, - only slightly above the desirable benchmark of 5%. The decline in NPL was helped by the rebound of businesses from the impact of pandemic, a friendly business environment, Government payment of arrears, recovery in global trade and an increase in commodity prices benefiting producers and exporters.

### 5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

### Country Notes:

Tanzania's financial sector has been one of the most dynamic subsectors in the economy, embracing innovation particularly regarding information and communication technology, and remaining resilient in turbulent moments. However, sector still lacks depth and breadth to efficiently and effectively mobilize resources to propel economic growth. It remains characterized by a nascent stock market, a nascent insurance subsector, and limited instruments and institutions for long-term and development financing. Domestic credit provided by the financial sector has averaged around 15% of GDP over the past three years, which is significantly lower than the sub-Saharan Africa average of 60% of GDP. Also, Tanzania's ratio of financial assets to GDP is estimated at about 41%, compared to its neighbors Kenya whose financial assets to GDP is estimated at 108%. Tanzania's financial sector remains heavily dominated by the Banking sector which accounts for about 70% of financial assets, and the role of stock markets remains minimal as depicted by the level of market capitalization remains low at around 9 percent of GDP.

### 5.c. Access to financial services

Score Type	Value
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Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

**Country Notes:**

Access to financial services in Tanzania continue to improve on the back of expansion of bank branch network, fast growth in mobile phone services, as well as introduction of new solutions – most notably, agent banking. According to the findings of the 2023 FinScope Survey (2023), over 76% of adults in Tanzania have access to formal financial services, and significant achievement compared to the access rate of 65% in 2017. Although Tanzania's formal financial sector is generally characterized by a wide interest rate spread (for instance, banks' overall lending rates are 16% while savings deposit rates are 3%), the sheer dominance of informal credit and savings in the country is mainly explained by simplicity and availability, rather than interest rates (informal lending rates are usually very high, in some cases exceeding 35% per annum). Tanzania's payment system operates smoothly without major interruptions, and clearance of non-cash transactions is mainly done through Tanzania's Interbank Settlement System (TISS). The system has continued to improve its availability as illustrated by server and database uptime levels and operated with adequate liquidity, thus minimizing operational and settlement risk.

## 06. Business Regulatory Environment

**Criteria Score: 3.5**

### 6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

**Country Notes:**

Tanzania's recognition of the private sector as an engine of growth is adequately backed by the ongoing reforms, which have continued to simplify the procedures and regulations for business establishment exit and make improvements on the necessary frameworks for market competition. In the most recent edition of Global Competitiveness Index, Tanzania scores 3.8 (out of 7) on burden of government regulation and

is ranked 48th in this category. But Tanzania maintains a decent rank (54) on the on the complexity of tariff, with a score of 6.2 (out of 7). The Government is implementing reforms – guided by the Blueprint on regulatory reforms to improve the business environment – which are aimed at simplifying establishment of businesses and promote competition. The focus areas of the reforms include: business registration and licensing reform; tax administration reform; regulatory reforms; and financial sector reforms. The existing legal and institutional framework includes: the fair competition legislation under which also the fair competition commission is established to promote and protect effective competition in trade and commerce and to protect consumers from unfair and misleading market conduct; as well as the Business Registration and Licensing Authority responsible for overseeing the registration and licensing of businesses. Tanzania enacted a new arbitration law, which became operational in 2021, following complaints by many international investors that international arbitration was not an option during contract negotiations with the government of Tanzania and state-owned enterprises. Following these developments, more investors have recently been able to include international arbitration clauses in large investment agreements.

### 6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

In the context of the ongoing economic reforms, Tanzania continues to make several policy changes to establish appropriate and business friendly legal and regulatory frameworks. Several regulatory bodies have been established, and are fully functional, including: the Fair Competition Commission (FCC) – to promote and protect competition; the establishment of the Energy and Water Utilities Regulatory Authority (EWURA), the Surface and Maritime Transport Regulatory Authority (SUMATRA); the Civil Aviation Regulatory Authority (TCAA) and the Communication Regulatory Authority (TCRA) – which are responsible for regulation of the natural monopolies or networks industries - mainly infrastructure and utilities monopolies. From June 2023, the government ordered all regulatory institutions to start using a Single Window Payment System for collection of fees, levies and penalties and establish inspection procedures to facilitate business without affecting their core functions. Also, the Government is finalizing the development of Tanzania Electronic Investment Single Window (TelW) system, which will integrate the operations of all institutions involved in facilitating investment. Tanzania's ranking in the World Economic Forum's Global Competitiveness Report (GCR), has improved to 117th position in the most recent edition from 121 in 2015 edition. Tanzania's improvement in the GCI ranking is explained by the strengthening of the macroeconomic environment and improvements in infrastructure, education, and institutions. State intervention in goods markets through controls and or subsidies are very rare in Tanzania, except for special cases where protection of specific groups of consumers is needed. Tanzania corporate governance legislations generally encourage disclosure and protect shareholder rights, although there are gaps in terms of enforcement and compliance, partly explained by few options including nascent domestic

capital markets, and high level of informality in the economy.

In 2022, Tanzania enacted a new Investment Act (Investment Act 2022), introducing several reforms broadly intended to create a more favorable investment environment for domestic and foreign investors. Key changes include elevating Tanzania Investment Center's role in promoting, facilitating, and coordinating investment; establishing an integrated electronic system for investment promotion and facilitation; removing the time limitation for an investor's appeal of a rejected application; clarifying and codifying timeframes for certificates of incentives; reducing the minimum investment capital threshold for domestic investors; protecting existing certificates of incentives; and granting access to international arbitration for foreign investors for settling disputes with TIC or the Tanzanian government through arbitration. The new legislation guarantees payment of fair, adequate, and prompt compensation; access to the court or arbitration for the determination of adequate compensation; and prompt repatriation in convertible currency where applicable. There are no remittance restrictions

### 6.c. Regulations of factor markets (labor and land)

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

Tanzania has specific laws and regulations governing land and labor markets, and the Authorities continue to make necessary updating to respond to the current economic conditions. According to the most recent edition of the World Economic Forum's Global Competitiveness Report, Tanzania ranks 86th in the labor market pillar, with an overall score of 57 (out of 100). factor markets are not viewed as burdensome by businesses in Tanzania. Tanzania maintains its best rank (25 out 138 countries) on redundancy cost (9.3 weeks of salary). Tanzania's labor and immigration regulations permit foreign investors to recruit up to 10 expatriates with the possibility of additional work permits granted under specific conditions. As part of the ongoing reforms in the country, Tanzania overhauled its employment and labor laws since 2004 when it enacted the Employment and Labor Relations Act, Act No. 6 of 2004 ("the Employment Act") and the Labor Institutions Act, Act No. 7 of 2004 ("Labor Institutions Act"). The Employment Act provides for labor standards, rights and duties, the Labor Institutions Act constitutes the governmental organs charged with the task of administering the labor laws. Legal and regulatory frameworks allow for greater flexibility in the labor market in terms of hiring and firing, but there are adequate provisions to ensure protection of workers against abuse. However, the informal sector, which employs the largest chunk of the country's labour force, operates outside of the legal system with no formal contracts, leaving workers vulnerable to precarious working conditions, limited social protection, and low earnings. Regulation of land is through the country's land policy and legislations, under which the radical Title is vested in the President as trustee for and on behalf of all citizens of Tanzania. And, for purpose of management only, all land is classified as general land, Village land and reserve land. And, in the context of the ongoing reforms, with view to creating conducive environment for investors, the government has established a Land Bank, which is a

database of information on arable land that is potential for investment. The initiative is part of the ongoing implementation of government's efforts to improve investment climate in the country. Tanzania Investment Centre (TIC) coordinates earmarking, identification, acquisition, and allocation of such land to needy investors. It is estimated that more than 3.5 million acres of arable land have already been earmarked for acquisition and eventually allocation to potential investors. The type of land registration system in the economy is the Title Registration System. Registry of Titles, Ministry of Lands, Housing & Human Settlements Development is the institution in charge. There is no electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system). The High Court, Land Division is the Court of first instance in charge of land dispute cases.

## (C) Policies for Social Inclusion/Equity

**Cluster Score: 4.067**

### 07. Gender Equality

**Criteria Score: 4**

#### 7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania continues to make progress in promoting gender equality and has already achieved gender parity in access to primary and secondary education, as well as vocational education training. Also, the share of women in the Universities increased to 44% in 2022 compared to an annual average share of 36% over the previous three years. In a significant development, from the beginning of 2022 Tanzania reversed the decades' long policy to allow girls who had dropped out of school because of pregnancy to return to school. The change allows girls to re-enroll within two years of giving birth, or, if later than two years, they can enroll at an alternative education center that offers a condensed version of the curriculum. These developments have lifted the country significantly in the global gender indices. According to the UNDP's 2022 Human Development Report, Tanzania's Gender Development Index (GDI) increased to 0.943 in 2021 from 0.936 in 2015, indicating reduction in gender disparity in terms of human development. Also, Tanzania's Gender Inequality Index (GII) improved from 0.560 in 2021 to 0.569 in 2015, implying a

decrease of gender-related inequalities. And, according to the World Economic Forum's Global Gender Gap Report, Tanzania's gender gap index score has improved significantly from score of 0.707 in 2020 when it ranked 82nd to a score of 0.74 in 2022 moving up the ranks to 48th in the world. However, Tanzania has one of the high maternal mortality rates in Africa, and in response, the Government is implementing the National Roadmap Strategic Plan to Accelerate Reduction of Maternal Newborn and Child Deaths in Tanzania. Tanzania has made progress in the provision of antenatal and delivery care, and in 2022, a total of 2,442,407 pregnant women attended antenatal care clinics compared to 2,390,704 women in 2021. Out of those, 38.8 percent made their first visit before 12 weeks in 2022 compared to 37.1 percent in 2021. Similarly, an estimate of 110.6 percent of pregnant women attended clinic at least four (4) times in 2022 compared to 99.7 percent in 2021. In addition, 98.3 percent of pregnant women were given malaria prevention services compared to 88.7 percent in 2021. Furthermore, 98.9 percent of pregnant women who attended antenatal care clinics were tested for HIV compared to 98.6 percent in 2021. Access to family planning services also has continued to improve, as demonstrated by the increase in the percentage of women using modern contraceptives from 31.9 percent in 2021 to 32.8 percent in 2022.

### 7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

Tanzania has put in place requisite regulatory and institutional framework for Women and Gender Development and has developed a specific policy whose main objective is to reduce inequalities between men and women with focus on key areas, including: education, ownership and inheritance of property, cultural prejudices and customs, and job and pay discrimination. According to the recent Integrated Labour Force Survey, unemployment for the economically active population is higher among women at 7.4% compared to 3.0% for men. Also, the share of women in unpaid family work (52%) remains higher compared to men (22%). Progress continues to be made in reducing gender inequality in employment and access to productive resources, although challenges remain. Over the past decade, the share of women in paid employment has increased from 3.1% to 4.8%, although it is still lower than men's share of 9.1%. More importantly, the share of unpaid women workers declined from 2.7% to 1.3% during the past decade. And, in recent years, Tanzania has witnessed increased private sector participation in bolstering women economic empowerment in the country, especially in the financial sector. In 2022, one of largest commercial banks in Tanzania – NMB Bank, launched a special gender bond, whose framework focuses exclusively on gender equality and economic empowerment of women. The proceeds of the bond – which as of December 2022 was fully allocated – have been earmarked for financing to over 3,000 women-owned micro, small and medium sized enterprises in Tanzania, with the objective of promoting economic empowerment of women, and reduction of gender inequalities in the country. In terms of political participation, the share of women in the Parliament has increased to 36% from less than 20% in early

2000s. Tanzania has enacted several legislations in support of women's economic and social empowerment, including the Land Act of 2004, which provides for equal treatment among men and women, in the matters concerning rights to acquire, hold, use and deal with land. Also, the Employment and Labor Relations Act of 2004 emphasizes equal opportunities in employment and the right to maternity leave. Also, the government is implementing the Women and Gender Policy (2000), and a National Strategy for Gender and Development (2002). The major constraint to implementing these initiatives for women empowerment include low awareness and existence of cultural practices and beliefs in some communities that are against women empowerment.

### 7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

The Constitution of Tanzania provides that all people are equal before the law and should be free from any discrimination. Tanzania also signed and ratified the necessary international and regional protocols specifically for promoting gender equality. These include: the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); the Beijing Declaration and Platform for Action; the Optional Protocol to the African Charter on Human and Peoples Rights on the Rights of Women in Africa; the AU Declaration on Gender Equality; the SADC Declaration on Gender Development; and the Addendum on the Prevention and Eradication of Violence against Women and Children. Several legislations have been enacted in support of women's economic and social empowerment, including the Sexual Offences (Special Provisions) Act, and the two recent Land Act, which established that women should be treated equally with men in terms of rights to acquire, hold, use and deal with land. Also, the Employment and Labor Relations Act emphasizes equal opportunities in employment and the right to a maternity leave. Tanzania has successfully institutionalized gender-responsive budgeting processes in all ministries, regional and local authorities. The initiative is jointly managed by the government and civil society. Also, Tanzania has ramped up efforts to fight against gender - based violence as well as violence against children in recent years. A total of 30,566 cases of gender - based violence (21,453 for female and 9,113 for male) were reported in 2022 compared to 17,874 cases reported in 2021, equivalent to an increase of 71.0 percent. The reported cases involved issues of raping, elderly killing, wounding, disgrace assault, female genital mutilation and abusive language. Also, 12,163 incidents of violence against children were reported in 2022 compared to 11,499 incidents reported in 2021. The reported incidences involved issues of raping, child abandonment, family neglect, assault of shame and child pregnancies. Increase of reported incidences were due to Government and various stakeholder efforts to sensitize community on importance of reporting cases of violence.

## 08. Equity of Public Resource Use

Criteria Score: 4.667

### 8.a. Poverty Measurement

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Poverty is officially measured using Household Budget Surveys (HBS), which are carried out in the intervals of 5 years, and the most recent HBS was released in 2017/18. Estimates from the 2017/18 indicate that, 26.4% of Tanzanians are poor. Poverty is predominantly rural phenomenon, where headcount remains high (31.3%) compared to urban areas (15.8%). The findings of 2017/18 HBS suggest a decline in headcount from 28.2% in 2011/12, only a modest decline compared to the previous surveys which recorded drop in headcount from 34.4% in 2007 to 28.2% in 2011/12 - the largest reduction in poverty recorded by Tanzania for the past twenty years. Recent assessment by the UNDP showed that poverty increased to 27.7 percent in 2020 due to the COVID-19-induced economic slowdown. Also, the National Panel Survey - NPS 2020-2021 showed that inequality, as measured by the Gini Coefficient, increased from 0.42 in 2014-2015 to 0.44 in 2020-2021. Also, vulnerability remains high – with estimates indicating that, for every four Tanzanians who had moved out of poverty, three fell back. Most non-poor people living just above the poverty line are at risk of slipping below it. On average, about 70% of budgetary resources are allocated to poverty reduction initiatives – notably in health, education, and water sectors, and infrastructure development. Key areas of progress include: significant expansion in both primary and secondary schools' enrolment, reductions in infant and child mortality, as well as increased coverage of health services. Also, currently, the Government is implementing a policy of free basic education, which continues to benefit the poor households.

### 8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5

Final Score	4.5
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**Country Notes:**

Public expenditures are guided by the Government’s medium-term strategy, detailed in its Five-Year Development Plan (FYDP III: 2021/22-2025/26). FYDP III, which bears the theme “Realizing Competitiveness and Industrialization for Human Development”, is articulated around two pillars: (1) Economic growth – with a specific focus on competitiveness, trade, industrialization, and services; and (2) Social Development – focusing on inclusiveness and skills development. FYDP III aspires to raise annual real GDP growth to 8% by 2025/26 (from 5.2% in 2019/20), per capita income to US\$ 1,427 in 2025/26 (from US\$ 1,151 in 2019/20) and reduce poverty rate to 22% in 2025/26 from 26.4%. Over the past two fiscal years, the authorities have consistently prioritized infrastructure and education spending with view to address key constraints to economic growth and strengthen the country’s productive capacity in a sustainable manner. Increases in public spending have been driven by expansion in development spending, which averaged 40 percent of the total budget – a deviation from the past when expenditure growth was always driven by increases in recurrent budget. Development budget has increased from an average of 5 percent of GDP in previous years to an average of 7 percent of GDP of the past two fiscal years, while recurrent budget has stabilized around 11% of GDP. This development underlines the Government’s bold efforts to improve efficiency in public spending. And, considering financing uncertainties, revenue challenges and subsequent deficit implications, the authorities have continued to ensure strong coordination of fiscal and monetary policy.

**8.c. Regressive Tax**

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

**Country Notes:**

Tanzania maintains an equitable and fair tax regime, that does not hinder growth in business and investment, and that has reasonably low compliance and administrative costs, but also, minimizes the tax burden on the poor. Tanzania’s tax structure is comprised of five major categories of tax revenue, namely income tax, value-added tax (VAT), excise duties, import duties, and others. Income tax remains the major source of tax revenues to the Government. The Government has maintained the five income tax brackets, and in 2021, adjustments were made to the thresholds to reduce tax burden for the low-income earners. Minimum threshold of employment income not liable to tax was increased by 59% from TZS 2,040,000 to TZS 3,240,000 per annum. Also, the income tax rate for salaried employees whose annual earnings fall under the lowest taxable bracket of TZS 3,240,000 – 6,240,000 was reduced to 9% - which is a lower rate compared to other earners in higher income brackets. The most important recent development is the

Government's decision to remove most of the discretionary tax exemptions, which were prone to abuse, and in the past had benefited mostly the middle- or high-income earners (either politicians, connected individuals or businesses), and not necessarily the poor.

## 09. Building Human Resources

**Criteria Score: 4.167**

### 9.a. Health and nutrition services

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Tanzania has made significant process in reducing child mortality, combating malaria, addressing non-communicable diseases, among others. Recent Demographic and Health Survey (DHS 2022) shows that infant mortality rate declined from 43 deaths per 1,000 live births to 33 per 1,000 live births over the past seven years. Likewise, maternal mortality has declined to 556 deaths per 100,000 live births from 578 deaths per 100,000 live births recorded in DHS 2004/05. The recent two demographic and health surveys reported gradual decline in under-5 mortality from 81 deaths per 1,000 live births in DHS 2010 to 67 in the DHS 2015/16, and further to 43 in the 2022 DHS. Extensive coverage of immunization programs has contributed significantly to reducing child deaths. However, Tanzania's health sector continues to be plagued by several challenges, including acute shortage of skilled manpower, infrastructure gaps, and inadequate financing for the sector. The share of health sector financing in total budget has remained low, averaging 6% over the past 2 fiscal years, and total health spending has remained below 4% of GDP. Recent surveys indicate that the coverage of health insurance has continued to increase from around 5% of the total population in mid-2000s to more than 15% of total population in 2022. About nutrition, Tanzania has a National Nutrition strategy, and is implementing as specific Vision for Nutrition which aims to eliminate malnutrition as a public health problem by 2030. The key institutions and agencies that are involved in the implementation of the strategy include: The Ministry of Health and Social Welfare, the Ministry of Agriculture and the Tanzania Food and Nutrition Corporation. Progress has been made in recent years with prevalence of stunting for under-5s decreasing from 34% reported in the DHS 2015/16 to 30% in the DHS 2022.

### 9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

Tanzania continues to make progress in education sector, and significant gains have been recorded at various levels, although challenges remain, particularly regarding quality of education. The sector continues to face several challenges, including: inadequate school infrastructure, inadequate learning materials, shortage of qualified teachers, school dropouts especially among girls, and financing challenges. The Government is implementing various programs to address challenges in the sector, including: Secondary Education Quality Improvement Program, Teacher Education Support Program, Empowerment through skills program; the Secondary Education Development Program, and the Technical and Higher Education Sub Master Plan. Gross enrolment ratio in primary schools has remained high, above 95% in 2022, and gender parity has been achieved in basic education. The number of enrolled students in secondary education increased from 2.7 million in 2021 to 2.8 million in 2022. Also, coverage of pre-primary education – for Early Childhood Development has continued to expand resulting in an overall increase in gross enrolment ratio from less than 10% in mid-2000s to more than 40% in 2022. In 2022, a total of 1,543,843 pupils were enrolled in pre-primary education, out of those, 784,838 pupils were girls, equivalent to 51 percent and 759,005 (49%) were boys. The recent surge in enrollment for basic education has been partly driven by the implementation of fee free basic education policy which started in 2016. The Government has continued with measures to expand basic education, by ensuring establishment of primary schools in every ward throughout the country. As a result, in 2022, the country had a total of 19,769 primary schools up from a total of 17,804 primary schools in 2019. In a landmark development in 2023, the government decided to waive tuition fees for secondary school graduates selected to join technical training colleges.

#### 9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

#### Country Notes:

Tanzania has a comprehensive National Multi-sectoral Strategic Framework on HIV/AIDS which focuses on universal access, as well as HIV/AIDS Prevention Strategy. Progress has been made in dealing with the HIV/AIDS challenge, as indicated by the recent population-based HIV/AIDS and Malaria Indicator Survey, which found that 4.9% of the population aged 15-49 in Tanzania is HIV/AIDS positive, compared to 5.1% in 2015/16. The most notable HIV prevention program has been Prevention of Mother to Child Transmission (PMTCT), which is currently rolled out to more than 80 percent of health facilities country-wide. Also, the PMTCT program has been scaled up, making it an integral part of the antenatal care (ANC), and more than 90% of health facilities that provided ANC services also provided the PMTCT services. The government is implementing the National tuberculosis (TB) and Leprosy Control Program, and there has been notable progress in TB control over the past few years. The tuberculosis (TB) treatment success rate has improved from 81.3% about two decades ago to over 90% in 2022. Malaria remains the major killer disease in Tanzania, and the Government is implementing a comprehensive National Malarial Control Program (NMCP) to address the challenge – which has recently been augmented by National Malaria Strategic Plan (2021-25) “*transitioning to elimination of malaria in phases*”.

As a result of the implementation of the program, the prevalence of malaria among children aged 6 months to 5 years has been reduced significantly to 8% reported in the DHS 2022 from 14% reported in the DHS 2015/16. The progress made in malaria control is largely attributed to the increased use of Insecticide-Treated Nets in the country. Also, Tanzania is one on the countries currently receiving the support under the US President’s Malaria Initiative (PMI), which aims to reduce malaria-related mortality by 50% across 15 high-burden countries in sub-Saharan Africa through a rapid scale-up of four proven and highly effective malaria prevention and treatment measures: insecticide-treated mosquito nets (ITNs); indoor residual spraying (IRS); accurate diagnosis and prompt treatment with artemisinin-based combination therapies (ACTs); and intermittent preventive treatment of pregnant women (IPTp).

## 10. Social Protection and Labor

**Criteria Score: 4**

### 10.a. Social safety net programs

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

The Government is implementing the National Social Protection Framework (NSPF) which establishes guidelines for stakeholders’ involvement in the planning, funding, and provision of social protection, and provide a mechanism for collective state-led measures to be implemented by the Government and its partners. The NSPF encourages social protection arrangements which build on existing family and

community structures that have traditionally provided support to those most in need. The NSPF also covers the vulnerable groups, whose rights are unprotected, including orphans and vulnerable children, widows, people living with HIV, youths, young mothers, people with disabilities, and the elderly. Also, there is specific legislation, the Persons with Disabilities Act, whose objective is to guide the provision of health care, social support, accessibility, rehabilitation, education, employment, and work protection right for the group. The government has continued with efforts to identify and provide services to groups with special needs. Orphans and vulnerable children are identified and registered in primary and secondary schools, and those qualifying for higher education are supported accordingly. Apart from educational needs, other forms of support provided to these vulnerable children include health care, food, and psycho-social support. Other vulnerable groups that have been supported include widows as well as persons living with HIV/AIDS – mainly through economic empowerment programs. And, considering the high poverty rates in Tanzania (an estimated 26.4% of the population is classified as 'basic needs poor') the Government is implementing a comprehensive social protection program – the Productive Social Safety Net (PSSN) funded through the Tanzania Social Action Fund (TASAF). PSSN aims to protect vulnerable population, by supporting the poor households to increase incomes and opportunities while improving consumption. As of December 2022, PSSN program had registered 1,371,038 households with a total of 6,596,820 beneficiaries compared to 1,279,433 households with 6,396,620 beneficiaries in December 2021. PSSN Program is implemented through conditional cash transfers to meet household basic needs, public works program to increase household income, and investments in productive ventures through community microfinance groups.

#### 10.b. Protection of basic labour standards

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Tanzania is a signatory to the International agreements and treaties labour and has ratified all the key International Conventions on core labour standards. The conventions that Tanzania has ratified have been integrated into the legal fabric of the country through various labour laws and regulations. Also, the country has enacted different legislations to protect the workers' rights, as well as employment injury and labour inspection (used as proxy indicators for safe work), including: Workers compensation Act (2008), the Public Service Compensation Scheme, the Labour Institutions Act (2004) and the Occupational Safety and Health Act (2003). However, the reporting system used to collect data on injuries, both fatal and non-fatal, may not present a complete picture of the situation in Tanzania due to likely under-reporting, (attributable to the presence of large informal sector and, especially, the exclusion of agriculture). Also, Tanzania has ratified the ILO convention 182 on the Worst Forms of Child Labour, and progress has been made in implementation. The Government has established laws and regulations related to child labour, including its worst forms, and has established institutional mechanisms for the enforcement of laws and

regulations on child labour. The key policy frameworks to address child labour problem include: 2025 Time-bound Program on the Elimination of Child Labor –which provides a plan to eliminate the worst forms of child labor in Tanzania by 2025 and facilitates the formation of child labor committees at the district and regional levels; the National Action Plan for the Elimination of Child Labor, as well as the National Plan of Action to Respond to Violence Against Children. Also, the District Framework for Interventions on Child Labor in Tanzania guides district governments in strategic approaches for district-based action against child labor. The Districts integrate child labor into their respective development plans and budgets, many by promoting the enrollment and retention of children in basic education and targeting vulnerable households in poverty reduction initiatives.

#### 10.c. Labour market regulations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

In Tanzania, labour market is guided by the Employment and Labor Relations Act which provides for core labour rights. The legislation establishes the basic employment standards, and provides for framework for collective bargaining, prevention and settlement of disputes and related matters. The legislation allows employers to hire and fire but preserves the necessary provisions to ensure protection of both workers and employers' rights. Generally, the labour market is not subject to undue interference from the authorities. However, because most of the Tanzanian workforce is employed in the informal sector enforcement of labour standards and regulations, and inspections to ensure compliance becomes a challenge. The government sets minimum wage for both the public and private sector, but this regulation is not always adhered to by the employers in the informal sector. The Government is implementing various reforms, policies and programs to support employment creation, including: The National Employment Creation Programme (NECP), the Small and Medium Enterprise Development Policy, the National Empowerment Policy, and the Business Environment Strengthening for Tanzania (BEST) programme. Also, Tanzania Employment Services Agency has been established to provide employment services by linking job seekers to employers both locally and internationally.

#### 10.d. Community driven initiatives

Score Type	Value
Draft Score	4.5

Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Community-driven initiatives have been vital in achieving development outcomes in Tanzania, particularly by complementing government's efforts in delivery of services. Community-driven initiatives have contributed to the success of various government programs implemented at the lower levels of local government authorities, particularly in the construction of basic infrastructure in education and health sectors. In the construction of education or primary health facilities at village level, the Government provides the necessary resources for technical elements of the project, including detailed designs and supervision of architectural works by relevant personnel (engineers, architectures, etc.), and the community contribute labour and locally available construction materials – such as timber, stones, sand, etc. This spirit of community participation in development projects has helped in strengthening ownership of the facilities among the local communities, and overall sustainability of the public projects. The country has rolled out a comprehensive participatory community planning process, known as Opportunities and Obstacles to Development, under which, the communities at the lowest level of the government engage in formulation and implementation of plans based on the existing opportunities within their localities.

However, despite the existence of this seemingly bottom-up planning approach, identification and implementation of visible and transformative projects by the communities is hindered by lack of funds. Implementation of Local Government Reform Program is underway, with aim to strengthen the capacities at lower levels for more effective service delivery. Also, the Government has continued to increase the flow of resources to the local authorities, given their role in social service delivery, but the Local Government Authorities account for just about a quarter of the allocation of budgetary resources.

#### 10.e. Pension and old age savings programs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

In line with the continued growth in labor force participation in Tanzania, the country's pension schemes have continued to increase their membership. However, pension funds account for about 26% of the assets of Tanzania's financial sector. Membership of social security schemes in Tanzania has almost doubled over the past two decades to about 2.2 million in 2022. However, while majority of labour force in

Tanzania is employed in the informal sector, the existing formal social security systems cover mainly the civil servants, army, police as well as some formal sector enterprises. The existing pension funds cover both private sector and public sector employees, and the benefits are diverse enough. However, based on recent estimates, the existing schemes cover less than 10% of the country's labor force. Furthermore, social protection programs in Tanzania cover only a small portion of the population, with the elderly being recognized as a particularly vulnerable group. Tanzania's public spending on social protection programs is low by international standards - estimated at around 3 percent of government expenditures – equivalent to about 0.3 percent of GDP. With the country's rapid population expansion (estimated at about 3% annually), the number of elderly population is growing fast, while their traditional support mechanisms are diminishing as urbanization gathers pace. As part of the efforts to support the elderly, the government has increased targeting of the senior citizens in the Productive Social Safety Net (PSSN) program. As of December 2022, more than 1 million PSSN beneficiaries were above 60 years – about 17 percent of all beneficiaries.

## 11. Environmental Policies and Regulations

**Criteria Score: 3.5**

### 11. Environmental Policies and Regulations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

Tanzania's economy remains heavily dependent on environment and climate related sectors. The Government's National Development Plan underscores the importance of environmental protection as a key cross-cutting issue for sustainable development. The country has a comprehensive policy, institutional framework to promote sustainability of the environment through responsible social and economic activities. The Environmental Management Act (EMA) sets up the Institutional Framework for Environmental Management in the country. The Act outlines principles for environmental management such as the precautionary principle; the polluter pays principle; and the principle of public participation in development policies, plans and processes for the management of the environment. The Act also provides for impact and risk assessments, prevention and control of pollution, waste management, environmental quality standards, public participation as well as compliance and enforcement. The Act establishes the Environmental Appeals Tribunal and the National Environmental Trust Fund. Also, there is an independent corporate body – the National Environmental Management Council (NEMC), responsible for environmental regulation and enforcement. NEMC oversees the development and implementation of various sector-specific guidelines for Environmental Assessment and carries out environmental impact assessment and audits for projects and issues the relevant certificates accordingly. NEMC continues to carry out

environmental audits and issuing certificates for projects in: tourism, industry mining, energy, infrastructure, communication, forestry, agriculture, fisheries, construction, and health sectors. Tanzania has also ratified several international legal instruments in the area of the environment including, those initiated by the United Nations in 1982, the Montreal and Kyoto Protocols and supported the adoption of the Rio Declaration. Tanzania also collaborates with other countries in the region to promote sustainable development through the equitable sharing of resources. The programmes in which Tanzania collaborates include the Nile Trans-boundary Environmental Action Project and the Lake Tanganyika Sustainable Management Programme - which brings together Tanzania, Burundi, Congo and Zambia. Tanzania ranks 134th (out of 180 countries) in the Environmental Performance Index (EPI) with a score of 34.2 (out of 100), a significant improvement compared to 2020, when the country ranked 150th (out of 180 countries) with an overall score of 31.1. The country's best ranked indicators in EPI include: agriculture, forests, fisheries as well as biodiversity and habitat. The key environmental challenges in Tanzania include: deforestation, land degradation, loss of biodiversity, threat to coastal and marine environment, and pollution. Although the country has the necessary policy, legal, and regulatory frameworks in place to address these challenges, implementation is constrained by inadequate capacities - both administrative and financial resources, as well as community awareness and political will. There are several policies, legislation, strategies, plans and programs to address environmental challenges and climate change includes Tanzania's National Communications Plans (2003 and 2015); Natural Gas Policy (2013); the Zanzibar Environmental Policy (2014); the Renewable Energy Strategy (2014); the Natural Gas Act (2015); the National Forestry Policy (1998); the National Transport Master Plan (2013); the National Environmental Policy (1997 and 2021); the Zanzibar Environmental Policy (2013); the Zanzibar Climate Change Strategy, the National Climate-Smart Agriculture Program (2015-2025); the National Environment Management Act (2004); and the National Environmental Master Plan for Strategic Interventions (2022-2032), and the National Climate Change Response Strategy (2021-2026). Despite Tanzania's low greenhouse gas emissions, the country is committed to climate change mitigation and adaptation strategies. Tanzania's 2021 National Environmental Policy reflects the country's commitment to reach net-zero carbon emissions by 2050. Strategies and policies exist, but specifics are lacking, as is data sharing on progress towards targets and goals. The GoT's second Nationally Determined Contribution (NDC) – submitted to UNFCCC in 2021 – highlights an overall mitigation goal of nationally reducing greenhouse gas (GHG) emissions by 30-35 percent relative to Business-As-Usual scenario by 2030 and indicates that it has formulated the cost of net-zero emissions by 2050, though the details are not clear.

Tanzania's economy is heavily dependent on natural resources, and there are several climate-sensitive sectors with significant contributions to employment and GDP, including agriculture, mining, tourism, fisheries, construction, and transportation. In light of the vulnerability of these sectors, adequate allocation of funds is necessary to protect and sustain them. The economic cost of climate variability in Tanzania is estimated at about 1 percent of GDP annually, with likelihood of escalating to 2-3 percent of GDP annually over the next decade. If mitigation actions are not expedited, this figure could rise significantly. The financing needed to address current climate risks in Tanzania is estimated at USD 500 million per year, with the potential to increase to USD 1 billion by 2030. The availability and accessibility of sustainable climate finance is also dependent on both international and domestic sources. Recently, the Government announced a 4% increase in expenditures for the fiscal year 2023/2024 to accommodate the country's growing development needs, including interventions related to climate change.

## (D) Public Sector Management and Institutions

Cluster Score: 4.167

### 12. Property Rights and Rule-based Governance

Criteria Score: 3.75

#### 12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

In the context of the ongoing socioeconomic and political reforms, Tanzania continues to update its legal, institutional, and regulatory structures. Policy making process continues to become more participatory and transparent, and generally, predictable in line with the country's economic, social and political situation. Tanzania has continued to uphold constitutional political order in which, rule of law, separation of powers and effective and responsive public service are realized to ensure sustainable development and a peaceful and stable society. The country's legal system provides a framework for secure property and contract rights. The country has labor tribunals in place to deal with contract issues and conflicts emanating from labor relations. On the other hand, commercial disputes are dealt with in the courts, and there is specialized commercial court, which is a division of the High Court of Tanzania. Also, there are land tribunals which deal with conflict resolution and consensus building efforts on land-related conflicts. The latest edition of the Global Competitiveness Index ranks Tanzania 105th (out of 138 countries), on property rights and 73rd on intellectual property protection. Also, the country maintains a decent rank (75th out of 138 countries) on judicial independence, with subcategory score of 3.7 (out of 7). The issues in the property ownership and contract rights are among the key elements in the ongoing legal and land reforms, currently being implemented by the Government. Because of the lengthy authorization needed from Government land Registrars, valuers and Land Officers, land registration in Tanzania is slow and costly for businesses, individuals, and especially for the poor. Because of these expensive and lengthy procedures, most property rights in land in Tanzania are not documented or mapped to facilitate land transactions. Recently, as part of land reforms, there are initiatives to simplify and facilitate land marketing and mortgaging, to allow for sale of bare land and make it easier for foreigners to invest on land.

#### 12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Tanzania is governed by rule of law, and the country's legal system is based on common law. Following the move from a centrally planned economy to a market-based economy, legal sector reform has been carried out to align the country's legal system with the current socioeconomic situation. Laws and regulations are publicly available, both at the level of central government and bi-laws at the lower levels of the government – particularly at the level of Local Government Authorities (LGAs). At all levels of the Authorities (Central and Local Government), there are clear mechanisms to resolve conflicts of rules.

Generally, application of law in Tanzania is impartial, although the court system continues to face several challenges including case-delays; backlogs of cases; lack of transparency and predictability in court decisions; shortage of financial, physical and other resources; and weak public confidence in the judicial system. And in Tanzania, laws and regulations affecting businesses and individuals are uniformly applied; and changes in laws are publicly announced and require Parliamentary approval before they are applied. The current administration has demonstrated strong commitment to impartial application of laws and regulations to create a level playing field for private sector businesses. One of the measures has been the bold decision to remove discretionary tax exemptions, which in the past led to undue advantage to some of the businesses connected to public officials.

#### 12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

Business licensing in Tanzania has improved significantly over the past decade, but challenges remain. Concerns have been raised by private sector organizations about multiplicity of regulatory authorities and duplication of regulations, which, in some cases, leads to multiple licensing and permits, multiple charges and penalties. The Government has taken several measures to simplify business licensing procedures,

including removal of functions and/or related fees by some agencies such as clearance by health officers, and consolidation of functions to avoid duplication and unnecessary charges to the entrepreneurs. Also, fees that were charged by the Occupational Safety and Health Agency have been abolished, and the several additional requirements at the local government levels have been removed. These efforts are part of the implementation of the Government's Blueprint for Regulatory Reforms to improve Business Environment, under which, several nuisance fees and levies have been removed or adjusted, and laws and regulations reviewed to harmonize the regulatory framework. Apart from these initiatives aimed at improving the regulations and business licensing procedures in the past two years, the major focus of the Government has been on the effectiveness and efficiency in the implementation of the existing regulations to remove barriers in business licensing – including eradication of corruption.

#### 12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Tanzania is generally a peaceful nation, and the Government can provide some form of protection against crime and violence. In the Mo Ibrahim Index of African Governance, 2022, Tanzania is ranked 4th (out of 54 countries) on the absence of conflict, and is ranked 29 on safety and security, with a score of 79 out of 100, which is higher than Africa's average of 75.9 and East Africa's regional average of 69. The Government identifies national and personal security and safety of properties as one of the key priorities under the governance pillar of the Government's Five-Year Development Plan (FYDP III 2021/22 – 2025/26). Also, the Tanzanian government has continued with efforts to curb the smuggling of small arms into the country, especially following the instability in some neighboring countries in the Great Lakes Region. The main security challenge for Tanzania is low number of law enforcement officers, given the vast size of the country. Also, another challenge is insufficient funding of the police force, which deprives them of the important working tools. Furthermore, the country is exposed to safety and security risks because it is bordered by fragile states of the Great Lakes area – notably, the Democratic Republic of the Congo and Burundi.

### 13. Quality of Budgetary and Financial Management

**Criteria Score: 4.5**

#### 13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania's budget priorities are guided by the Government's Five-Year Development Plan (FYDP), the Medium-Term Expenditure Framework (MTEF), in line with the Long-Term Perspective Plan as well as the goals of the Tanzania Development Vision 2025. Also, Tanzania's budget preparation is technically underpinned by macro-fiscal analysis carried out in the macroeconomic policy framework for plan and budget; the budget background paper; and guidelines for plan and budget issued to all Ministries, Departments and Agencies. The Government has maintained consistency in budgetary allocations preserving largest share of resources in support of economic growth and poverty reduction interventions. Overall execution of the budget has averaged 95 percent over the past two fiscal years, - a significant improvement compared to past years when execution was consistently 10 percent short of budget. For the past two fiscal years, recurrent expenditures have been fully covered by domestic revenues and grants, with borrowing sourced only for capital spending. Government budgets have maintained strong focus on infrastructure development with the objective of building foundations for the required productive capacity to propel the economy to a middle-income status. Budget information is easily accessible to the public through a popular version of the executive budget proposal - the Citizen's budget. The budget remain strongly focused on poverty reduction, with about 7% of GDP currently earmarked for priority social spending with focus to bridging human capital gap.

#### 13.b. Effective financial management systems

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania has continued to strengthen its Public Financial Management systems, and the recent Public Expenditure and Financial Accountability (PEFA) reports indicate significant improvements in key areas, including the independence and functioning of the oversight institutions. Also, Tanzania has rolled out

Integrated Financial Management System (IFMS) in all government Ministries, Departments and Agencies, as well as Local Government Authorities – which has helped in continuously improving budget execution, payments and reporting. There is a clear annual budget calendar, with sufficient budget preparation time built in thereto to allow departments enough time to come up with justifiable estimates, including any required revisions arising from cabinet review. And, apart from the traditional oversight role played by the Parliament, there are dedicated Parliamentary Committees which play crucial role in public finance scrutiny. Budget classification is adequately comprehensive, with sufficient clarity in the assignment of expenditures according to administrative, economic and functional classifications. Data from the Ministry of Finance indicates that budget execution has improved from an average of around 90% of the approved estimates to 95% during the past two fiscal years - 2021/22 and 2022/23.

### 13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

#### Country Notes:

Fiscal reporting in Tanzania continues to be done in timely manner, although there are isolated cases of delays, largely caused by limited capacity in terms of personnel, and the vastness of the country. The Ministry of Finance publishes the necessary budget background documents, including the guidelines for preparation of the budget and which is accompanied by the macroeconomic policy framework to underpin the budget. Also, the Ministry of Finance publishes the Executive Budget Proposal on its website after the reading of the budget frame in the Parliament without delays. The Government has continued to publish the simplified and non-technical version of the budget, known as ‘the citizens’ budget’ – published both in English and Kiswahili, to make the budget information accessible to as many readers as possible. The Ministry publishes on the website the release of funds to the local government authorities on quarterly basis. Also, the release of capitation grants to all public schools is reported without delays by the President’s Office Regional Administration and Local Government. However, the overall budget execution reports are released with lags, although the provisional versions can be obtained from the relevant departments at the Ministry of Finance and Planning on request. The major reason for delays in the release of budget execution reports is the time it takes to consolidate the necessary information from all the Ministries, Departments and Agencies – including more than 185 Local Government Authorities throughout the country. The utilization of public funds is thoroughly audited by the Control and Auditor General (CAG), and the external audit reports, including the consolidated financial statements are submitted to the Parliament within nine months of the end of each fiscal year.

### 13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

**Country Notes:**

The assignment of expenditures and revenues between different government levels is guided by the Government's policy of Decentralization by Devolution. According to the policy, expenditure functions are assigned in accordance with subsidiarity principle, which requires that, government services be delivered by the lowest level of government that can do so efficiently. Based on this principle, the Local Government Authorities are tasked with delivery of public services in key sectors, including basic health and education. In line with these responsibilities, the Government channels about 27 percent of budgetary resources to the local Government authorities for service delivery. However, even within these functions, there are few exceptions due to capacity limitations at local levels – such as firefighting services, higher education, and referral health services which are handled by the central Government. To facilitate service delivery functions at local level, Tanzania has a dedicated ministry – the President's Office, Regional Administration and Local Government. Local Government Authorities collect revenues from various sources, including: levies on sale of agriculture produce and livestock, fees on the economic activities related to natural resources in their areas – such as forest resources, and fees for economic services in their areas including use of marketplaces, and vehicle parking. The local government authorities can finance up to 10 percent of their expenditures from the revenues they collect from own sources.

## 14. Efficiency of Revenue Mobilization

**Criteria Score: 4.25**

### 14.a. Tax policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

### Country Notes:

Tanzania remains committed to a taxation policy that does not hinder growth in business and investment, that is equitable and fair, that has low compliance and administrative costs, and that is as simple as possible. Under the current Value Added Tax (VAT) legislation, discretionary tax exemptions have been significantly reduced resulting in more discipline in government revenue collections. Also, over the past two fiscal years, the authorities have continued with measures to reduce tax exemptions and maintain stricter controls for the remaining waivers – including removal of exemptions for armed forces, which had been in place for many years with many loopholes for abuse. Despite these measures, the tax base remains narrow. The Government continues with efforts to enhance further the participation of new taxpayers, through various channels including formalization of businesses and property, rollout of national identity cards, and ensuring a less burdensome presumptive tax system on small taxpayers. In the recently approved 2023/24 budget, the government increased Value Added Tax registration threshold from 100 million to 200 million Tanzanian shillings with aim to enhance administrative efficiency and promote voluntary tax compliance. While tax policy has remained largely non-distortionary, yet at around 12% of GDP, the country's tax revenue is considered to be significantly below its potential, and the country continues with efforts to further broaden the tax base. The ongoing initiatives to broaden the tax base include implementation of indirect tax measures with potential revenue yield of about 0.3% of GDP, interfacing of Information Technology systems of the prioritized institutions with the Revenue Authority and other administrative measures with potential revenue yield of about 0.5% of GDP and continue rollout of electronic fiscal devices.

#### 14.b. Tax administration

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

### Country Notes:

Tanzania has continued to record good revenue performance as a result of the administrative measures adopted by the Tanzania Revenue Authority. The key tax administration measures taken to improve revenue collection during the past two years include: strengthening enforcement of tax laws and proper management of Electronic Fiscal Devices (EFDs) in order to curb tax evasion; provision of taxpayers' education and taxpayer services; and strengthening mineral controls, and establishment of taxpayer's portal to simplify registration and filing of returns. In addition, taxpayers' compliance has increased as a result of improvement in provision of economic and social services including water, education, health, supportive infrastructure of roads, electricity and abolishing nuisance fees and levies to improve business and investment environment in the country. Recent measures to strengthen tax administration have helped to reduce leakages and increase tax revenue collection. Tax revenues have increased from 11.1 percent of GDP in 2020/21 to an estimated 12.6 percent of GDP in 2022/23. Tanzania Revenue Authority

(TRA) is a solid institution, and is ISO 9001:2015 certified. The authority publishes its annual reports and ensures regular publication of relevant information related to its functions, including tax statistics - both at national and regional levels, revenue measures adopted by the government - including adjustments in tax rates, new tax measures and any other issues in relation to the finance act underpinning the budget. TRA maintains a very reliable website hosting the key information for taxpayers including tools for various tax assessments. There is a functional tax tribunal, which handles tax disputes. The authorities have continued with measures to streamline and minimize tax exemptions, including instituting more transparent mechanisms for granting of these exemptions. For transparency purposes, all exemptions are published by the Ministry of Finance.

## 15. Quality of Public Administration

**Criteria Score: 4.333**

### 15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania's administrative structure provides for a clear and functional mechanism for policy formulation, implementation, and monitoring. The Government is structured into Ministries, Departments, Agencies and Local Government Authorities. Policy coordination has evolved significantly over the past three decades, considering socioeconomic and political reforms that have successfully steered the country from centrally planned economy to market oriented economy. Ministries are tasked with the responsibility of leadership in policy formulation, and overall coordination for the respective sectors, while the details of implementation are taken up by the relevant Agencies and Local Authorities. A clear demonstration of effective policy coordination and responsiveness, is the area of social service delivery – where, the relevant policies, such as Education Policy, Water Policy and Health Policy are coordinated by the respective sector ministries (Ministry of Education, Science, Technology and Vocational Training; Ministry of Water and Irrigation; and Ministry of Health, Community Development, Gender, Seniors and Children), while actual service delivery is done by the Local Government Authorities. However, despite the existence of good policies, strategies, and mechanisms for public service delivery, there are notable capacity gaps for implementation. The Government's current Five-Year Development Plan (FYDP III 2021/22-2025/26) identifies effective implementation of policies, strategies and plans as one of the top priorities.

### 15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Tanzania's administrative structure provides for a sound platform for effective service delivery and operational efficiency. The system of service delivery consists of the Ministries, Departments, Agencies and Local Government Authorities – all of which are constitutionally established by law. While the role of policy coordination rests with the respective Ministries, it is the presence of decentralized systems which allows for responsive service delivery throughout the country. The Local Government Authorities are the main agencies for delivery of services, and despite several capacity gaps – both in terms of financial and human resources – recent surveys have indicated that their performance is satisfactory. In the current Five-Year Development Plan, strengthening of the efficient decentralized systems has been singled out by the Government as a prerequisite effective service delivery that respond to local needs in a timely manner. Significant progress has been registered in the education sector, with completion rates in primary schools increasing from 55% in early 2000s to 80% in the in recent years. However, the sector continues to experience several challenges, which affect the quality of education - including inadequate infrastructure and insufficient number of qualified personnel. Regarding health services, significant gains have been recorded, especially regarding expansion in coverage, and subsequent increase in access. Also, over the past two decades, infant mortality rate has fallen by an average 3.2% per year, the fastest rate of decline among 20 countries in Africa. However, shortage of human resources for health remains the major challenge in the delivery of health services in Tanzania.

### 15.c. Merit and ethics

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

### Country Notes:

Merit and ethics hold a high position in Tanzania's Medium-Term Strategy, as well as sector policies and strategies. Recruitment and promotion of public sector employees are generally merit-based and in most cases, the processes are sufficiently transparent. Apart from those positions for which the President has constitutional power to make appointment of Government officials, competitive procedures are followed in hiring, and promotions in public office are based on competence. Personnel in strategic units in government Ministries, Departments, Agencies, or state-owned enterprises are appointed on merit, based on their professional qualifications and competence. However, there are isolated cases of corruption in the processes, and once identified, they have been taken up by the relevant authorities – most notably, the Prevention and Combatting of Corruption Bureau or the Government's Ethics Committee depending on the nature of inquiry. In line with the ongoing reforms, several measures have been undertaken to improve the public service, including enhancing transparency in recruitment, and strengthening of the accountability mechanisms to ensure adherence to ethics and standards.

### 15.d. Pay adequacy and management of the wage bill

*No score data available for this subcriteria.*

## 16. Transparency, Accountability, and Corruption in the Public Sector

**Criteria Score: 4**

### 16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

### Country Notes:

Tanzania continues to make progress in improving its systems of governance and accountability, as a key dimension of the ongoing reforms. Through various programs, the functions of oversight institutions have been significantly strengthened over the past decade – including: National Audit Office, the Control and Combatting of Corruption Bureau, Parliamentary Committees, the Court System, as well as designated Agencies. In Tanzania, the Judiciary system is free of influence from the Executive (comprising the President, the cabinet and different levels of Government machinery). Accountability of the Government to oversight institutions, including the Parliament has gained momentum in recent years, and sanctions have

been applied in the cases of irregularities and performance failures. Of importance has been the exposure of malpractices in the use of resources through the audit carried out by the Controller and Auditor General (CAG). While in the past, most of the cases exposed by oversight bodies used take years to investigate and implement sanctions against culprits, since the current Administration has shown zero tolerance to corruption, inefficiency, and misuse of public resources. Over the past two years, several Government officials – including Ministers, Regional Commissioners, District Executive Directors, and several Chief Executives of the Government Agencies have removed from their positions due to performance failures. Also, with the increased independency and autonomy of judiciary and oversight institutions, impartial application of the law has become more enshrined in the country's governance systems. In 2022, the Parliament enacted the Prevention and Combating of Corruption Act aimed at strengthening the functions of the Prevention and Combating of Corruption Bureau (PCCB). The legislation make comprehensive provisions for the prevention, investigation and combating of corruption and related offenses and aims to ensure that PCCB conducts its operations independently, and performs its functions effectively.

#### 16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

#### Country Notes:

Tanzania has statutory and constitutional provisions to guarantee a free and independent media. The Constitution provides for the right to seek, receive and impart or disseminate information and ideas through any media regardless of national frontiers. Policy making process in Tanzania is generally transparent, and civil society and the public in general have access to information about public affairs through various channels, including official press releases, government gazette, as well as print and electronic media. Tanzania maintains a culture of extensive consultative approach on the issues of public policy, including economic policy management and implementation. The media in Tanzania remains instrumental in informing the public about various public affairs and played a vital role in reporting and stimulating public debates about malpractices and corruption in government Ministries, Departments and Agencies. There is a legislation governing access to information (the Access to Information Act 2016) which aims to protect the individuals' rights to access information held by public bodies and promote transparency among custodians of information. Freedom House categorize Tanzania as "partly free", with a combined average rating of 5 – in the same category as other East African peers. The current administration under the leadership of Her Excellence President Samia Suluhu Hassan has lifted restrictions imposed under the previous regime, resulting into significant improvement in the role of civil society in the policy processes. Over the past two years, the Government has become more engaging, and following the lifting of restrictions on political rallies, civic space has improved significantly. According to the Civil Society Sustainability Index, Civil Society Organizations' overall sustainability has improved since 2021, and CSOs have a conducive environment to operate in, while being monitored by the government. Over the past two years, the Government's decision making has become more transparent,

and the authorities attempt to distribute relevant information to the public, although some capacity constraints exist because of the vast size of the country itself. The use of information technology has enabled the government to deliver information to the public more easily. Generally, most of the media operate outside the influence of government, and media publicity provides some deterrent against unethical behaviour.

#### 16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

#### Country Notes:

Tanzania has a comprehensive anti-corruption institutional framework, made up of a number of agencies, including: The Prevention and Combating of Corruption Bureau, the Good Governance Coordination Unit, the Ethics Inspectorate Department, the Controller and Auditor-General; the Office of the Director of Public Prosecutions; and The Commission for Human Rights and Good Governance. Although there are a number of Government officials with business interests in different sectors, there are adequate safeguard mechanisms to ensure that public policy process is not influenced by narrow and vested interests. There is a specific Public Leadership Code of Ethics in place, which requires that all public servants holding key positions in Government to declare their assets to the Ethics Secretariat each year, and is enforced. Based on the recent updates to the public by Ethics Secretariat, most of the key Government officials under the new Administration have declared their assets. Despite the reported few cases of corruption, and isolated cases of politicians and civil servants' involvement in certain business interests and corruption scandals, such situations have no potential to result in state capture in Tanzania. The most significant reform over the past two years has been the review of the legal framework to strengthen the functions of the Prevention and Combating of Corruption Bureau (PCCB). The legislation was reviewed to take into account recent technological developments, and to align consistency with the Government's drive to digitize its functions.

## (E) Infrastructure and Regional Integration

Cluster Score: 4.334

### 17. Infrastructure Development

**17.a. Sector strategy/policy**

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

**Country Notes:**

Although Tanzania has recorded impressive macroeconomic performance in recent years, the major constraint to growth and development of the economy and to private sector development has been poor infrastructure, especially insufficient power supply and limited transport facilities, particularly in rural areas. In response to this challenge, government policies and strategies have placed strong emphasis on effective and efficient public infrastructure investments, especially in energy, transport and water. Infrastructure development is a top priority in the government's Five-Year Development Plan (FYDP III 2021/22 – 2025/26). In line with this prioritization, expenditures on infrastructure have averaged about 20 percent of the total budget over the previous two fiscal years. However, implementation of the planned infrastructure projects is challenged by availability of resources, with more than 50% of the financing coming from external concessional and non-concessional borrowing. Effective mobilization of resources will help to improve the implementation of infrastructure budget, whose execution has averaged only about 75% over the past two fiscal years. In recent years, the Government has formulated new specific policies to guide planning, implementation, and monitoring of infrastructure development in the country. The new policies, which are very specific in terms of infrastructure development include: Transport Policy; Energy Policy; Agriculture Policy; Water Policy; and Information and Communications Technology (ICT) Policy.

The country has several infrastructure development master-plans and programs whose implementation is currently ongoing, including: Transport Sector Investment Programme, Tanzania Ports Master Plan (2008 – 2028), Civil Aviation Master Plan; and Tanzania Power Sector Master Plan (2006-2031). However, implementation of these ambitious programs and masterplans has been constrained by shortages in financing.

**17.b. Legal and regulatory frameworks for infrastructure**

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0

Final Score	5.0
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**Country Notes:**

Tanzania continues to make progress in reforming its systems to put in place a coordinated legal and regulatory framework for infrastructure development. In the context of the ongoing reforms the government has overhauled the legal and regulatory framework for infrastructure development, to match with the evolving economic conditions and new opportunities, including the participation of the private sector. New Legislation and Policy for Public Private Partnership (PPP) have been put in place to guide the participation of private sector in infrastructure development. Despite being a relatively new model, the Government has established a dedicated unit for PPPs, whose mandate is to ensure smooth coordination of PPP operations. Although the PPP unit has capacity gaps in terms of resources for planning, negotiation and coordination of PPP projects, the existing resources partly match with the small portfolio of PPP operations in the country. Going forward, the capacity of PPP unit will need to be strengthened further, considering the importance of model as an alternative finance, especially for infrastructure development. Tanzania has an elaborate institutional framework for infrastructure development. Ministry of Works is responsible for policy formulation and coordination in road transport, while Tanzania National Roads Agency (TANROADS) is responsible for regional and trunk roads. Construction and maintenance of rural roads is done by the Local Government Authorities. The Surface and Maritime Transport Regulatory Authority (SUMATRA) regulates the surface and marine transport systems in the country. The other key legislations in relation to infrastructure include: Railway Act for railway and Tanzania Civil Aviation Act, for air transport, as well as the establishment of Tanzania Airport Authorities (TAA). In the energy sector, the new legislations are: The Electricity Act No. 10 of 2008, Rural Energy Act No. 8 of 2005, and Energy and Water Utilities Regulatory Authority Act, 2002. In 2015, the Government made revisions in the Electricity Act (2008), to allow for private investments in the energy sector. ICT is guided by the National Information and Communication Technology Policy Of 2016, and is regulated by the Tanzania Communication Regulatory Authority (TCRA), under the TRCA Act 2003.

**17.c. Public resource management and accountability in the infrastructure sector**

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

**Country Notes:**

Infrastructure remains a top priority in government's planning and budgeting, and the share of infrastructure spending in the total budget has averaged 20% over the previous two fiscal years. Financing for infrastructure remains a challenge, and for a long time, the biggest proportion of infrastructure financing has been covered by external resources – mainly official development assistance, and non-concessional

borrowing. In recent years the Government has continued to increase the amount of local funds allocated for infrastructure budget, although, external non-concessional financing has also become increasingly important, especially on the back of declining official development assistance. The share of locally financed infrastructure budget in recent budgets has increased significantly as the government embarks on the ambitious infrastructure development program, especially in transport and energy. The system for procurement of infrastructure projects follows international standards (competitive bidding) and the existing legislation – the Public procurement Act provides for competitive tendering and access to complaints and procurement appeal mechanisms. The system is transparent and stable, albeit low participation of local contractors mainly due to inadequate technical and financial capacities. There is clear and non-discriminatory framework for compensation of individuals affected by infrastructure projects, and necessary provisions are made in the national budget. Tanzania National Roads Agency (TANROADS) is responsible for quality control and all necessary inspections on the road works, to ensure conformity to standards during implementation and after completion of projects. Regarding other infrastructure works, the Ministry of Works ensures the necessary compliance with the required quality standards. Also, in line with procurement regulations and guidelines, external or independent audits are done to assess the selection process of contractors. Also, in recent years, financial audits for infrastructure projects have been complemented with value-for money audits. Consultation with beneficiaries and other relevant stakeholders including private sector (usually for spillover business opportunities) is a standard norm in the design and implementation of infrastructure projects in Tanzania. In the execution of infrastructure projects, security and environmental safeguards are strictly adhered to, and there are mechanisms for compensation in case of expropriation or damage or injury, which are generally not discriminatory and mostly enforced. There is a framework to ensure compensation for individuals affected by infrastructure projects, and necessary provisions are made in the budget to cater for the same. However, there are several challenges in relation to compensations, including adequacy (in some cases valuation is contested by property owners) and delays in compensation after valuation. Despite these challenges, compensation mechanism is generally clear, non-discriminatory, and, in majority of cases, is enforced.

## 18. Regional Integration

**Criteria Score: 4.5**

### 18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

**Country Notes:**

After ratification of the EAC Common Market Protocol, which among other things provides for free movement of persons between the member states, Tanzania has continued to make progress in the implementation of the protocol. Necessary actions have been taken to harmonize the national legislations and regulations to ensure effective implement of the protocol. The most recent developments include: amendment in migration laws and subsequent issuance of free visitors' passes for EAC residents, simplification of entry procedures and removal of work permits for EAC residents. Furthermore, Tanzania is already issuing the joint electronic passport to be used for the entire EAC region – a measure jointly agreed by EAC member states. Tanzania is also rolling out the national identity cards which will simplify further the introduction of machine-readable and electronic national identification cards in all EAC Partner States. Tanzania is also a signatory of the SADC's 2005 Protocol on the Facilitation of Movement of persons. Also, the country has taken significant actions in harmonizing and liberalizing its immigration system as reflected in its Visa Openness Score. The country provides visa-free entry for residents of EAC and has liberalized the processes for the issuance of work and residence permits to foreigners. Tanzania scored 0.691 in the 2022 Visa Openness Index, ranking 20th place which put it among the top performers in Africa. Tanzania scored 0.29 in the 2023 Africa Regional Integration Index, placing in in the average performer category.

#### 18.b. Regional financial integration

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

#### Country Notes:

Tanzania has continued to make progress in regional financial integration. In line with signed and ratified East African Community Common Market Protocol, which among other things provides for free movement of capital between the partner states, Tanzania has already opened its capital account to enable its citizens to invest in EAC markets and allow investors from the region to participate in the local market.

Following the amendment in Foreign Exchange (listed securities) regulation, Tanzanians are now allowed to invest in the EAC region without requiring prior permission from the Bank of Tanzania, and foreign investors can hold 100% stake in locally listed companies. Following the lifting of capital controls to EAC residents, investors from the region contributed more than half of the increase in market capitalization in Dar es Salaam Stock Exchange during the past two years. Tanzania is a signatory to SADC's Real-Time Gross Settlement (RTGS) system, the Eastern and Southern Africa Anti-Money Laundering Group, and the EAC Common Market. Also, the country has lifted several of the controls which prevent the movement of capital, and participates in the East African Payments System.

Although the country is yet to fully domesticate the regional agreements on finance and investments into the national legal and regulatory frameworks to facilitate cross-border financial activities and flows, the recent regulatory reforms have ensured adequate harmonization of fiscal, tax treatment, banking and insurance, and stock exchange code/legislations. Tanzania ensures compliance with the East African

Community Common External Tarrif in every annual budget. Also, Tanzania's banking system includes both domestic and foreign banks, and the existing laws and regulations guarantee fair competition among national and foreign banks/financial institutions.