

3.5.2021

Department for Africa
and the Middle East



Finland's country strategy for Tanzania

2021–2024

Ministry for Foreign Affairs of Finland

EXECUTIVE SUMMARY

Finland has a long-standing relationship with Tanzania, which is one of Finland's long-term development cooperation partner countries. It is in Finland's interest to diversify relations in the future to cover political and trade relations more broadly. Finland operates in Tanzania as part of the EU, the Nordics and other like-minded countries. Together with partners Finland continues to further its value-based policy over time, also in times of changing contexts, such as the tightening of democratic space during the past years. Finland's approach is executed in close cooperation with the international community.

A tightening of democratic space, limiting civil and political rights and a narrowed operating space for civil society actors in Tanzania has been a cause for concern for the international community lately. Poverty, influenced by rapid population growth, remains a challenge. The effects of COVID-19 on the economy and society will be significant.

Finland will continue to support the consolidation of democracy in Tanzania, including support to the civil society and promoting good governance and gender equality. Finland will also continue supporting livelihoods and combating climate change. Promoting bilateral trade is a key objective. It is the interest of Finland to reinforce good bilateral relations as well as dialogue through the EU and to continue encouraging Tanzania to engage in multilateral arenas on issues that are of common interest.

During the period of 2021-2024 Finland will work towards reaching the following strategic goals:

1. Finland promotes democracy, human rights and gender equality
2. Finland advances stability and sustainable development by contributing to poverty alleviation, promotion of livelihoods and climate resilience
3. Finland aims to strengthen inclusive and sustainable growth and employment creation by engaging in trade promotion and supporting the business environment

Both the National Finnish Africa Strategy and the EU-Africa Strategy create a good basis for building sustainable partnerships. Looking ahead to 2030, the common objective for both countries will be to strengthen political relations, trade, investments, inter-institutional relations and academic partnerships alongside the development cooperation activities. Active engagement with Tanzanian society, including through dialogue with the political leadership, is necessary for finding common ground and goals in the upcoming years.

1 COUNTRY CONTEXT

Tanzania has traditionally been a stable country, aiming towards democracy in a region where its neighbors have suffered from instability and conflicts. Internal disturbances have remained low, especially in mainland Tanzania. In Sansibar, unrest has mainly taken place in connection to elections. A growing Islamist insurgency in northern Mozambique might however have a spillover effect on Tanzania.

Democratic space shrinking CCM (Cama Cha Mapinduzi) has been the main ruling party of Tanzania for decades. President John Pombe Magufuli came into power in 2015 with ambitious goals of curbing corruption, reforming the public sector, cutting government costs, industrializing the economy and prioritizing infrastructure development. Some steps forward have been taken during the last years e.g. access to free education and energy, and anti-corruption measures. However, Tanzania has at the same time experienced a tightening of democratic space and human rights. Civil and political rights like freedom of speech, space for opposition, media and civil society are under pressure. The independence of institutions such as the parliament and judiciary has deteriorated. There has also been a change in Tanzania's foreign policy and its role in the international arenas. From being an active global player the country has shifted focus more on internal affairs. Stronger focus on nationalistic interest has at times led to a more protectionist and anti-western rhetoric. Tanzania's general elections were held in October 2020. President Magufuli was elected to a second term and the ruling CCM party achieved an absolute majority in the parliament. President Magufuli's policies are expected to remain the same during his second term in office.

A lower middle income country Tanzania has enjoyed strong economic growth in the past decade. Growth is slowing down but remains significant. Before the COVID-19 pandemic real GDP growth was projected to remain in the range of 5-6% over the medium term – this is likely to change once the impact of the pandemic becomes clearer. Inflation is expected to remain low and the debt situation moderate. In July 2020 Tanzania reached the World Bank's criteria for a lower middle income country, an achievement which might be hard to hold on to. Due to the rapid rise in population GDP growth per capita has in reality been modest. The COVID-19 pandemic will have a serious effect on the economy, especially in the important tourism sector. Growth rate is expected to decrease to 2 % in 2020. A fairly speedy recovery is estimated in the coming years, but impacts on the economy are expected to last for many years.

Tanzania's level of domestic revenue mobilization remains among the lowest in the world. The Government has set ambitious revenue collection targets which, on one hand, have significantly increased the collected amounts, but on the other have also

contributed to a more difficult business environment. Foreign direct investments (FDI) have decreased over the past few years. Growth in Tanzania has mainly been driven by foreign investments, private consumption and growth in the construction, ICT and transportation sectors. The agricultural sector, however, which still employs the vast majority of Tanzanians (60% of total employment, but only 28% to total value-added), has not been able to keep up with this pace.

Unpredictability of the business environment Increasing trade and foreign investments in Tanzania is impeded by the unpredictability of the business environment. Tanzania ranks below its regional competitors in the World Bank's Doing Business index with a rank of 141/190. Despite the government's emphasis on improving the environment for the private sector, the necessary reforms have not taken place as expected.

Social development in a rapidly growing urbanizing population Tanzania is undergoing economic and social transition. Facing the future the country has several assets i.a. rich natural resources - minerals, natural gas, forests and wildlife - as well as a competitive geographical location and optimal climate. On the other hand, Tanzania's development faces many risks.

Even though Tanzania has been one of the fastest growing economies globally, it is still one of the poorest countries in the world. Poverty remains a key development challenge in Tanzania. A recent household survey shows that from 2007 to 2018 poverty has declined from 34,4 % to 26,5 %, but the absolute number of poor people has actually increased due to rapid population growth. Around 26 million people, which is almost half of the population, live under the international poverty line (1.9 USD/day).

Population growth in Tanzania is high at 3% and brings increasing constraints to both public services, the job market and sustainable use of land and natural resources. By 2035 it is projected that Tanzania's population will double to 100 million. 44 % of the population is under 15 years of age. Each year, 800,000 young Tanzanians enter the labour market. Population growth is accompanied by rapid urbanization. Dar es Salaam is one of the fastest growing cities in the world. Coupled with the effects of climate change, these trends pose a huge challenge not only to social services, but also to food security and environmental sustainability in the country.

Gender inequality persists and women face multiple challenges in terms of access to decision making, resources and other opportunities. This is reflected e.g. in higher unemployment or underemployment, health risks like maternal mortality, low levels of education and gender-based violence.

Climate change trends Tanzania's economy relies to a large extent on climate as almost 60% of its citizens depend on agriculture. Deforestation is the biggest contributor to climate change in Tanzania. The biomass changes were analyzed from 2002 to 2013 and the reduction corresponds to a disappearance of some 500 000 hectares of forests annually. This trend is alarming: if it continues there will be no forests in Tanzania in 2075.

The energy consumption in Tanzania is modest compared to industrial countries. The major part of the energy is wood based and its share of emissions has already been taken into account in the calculus of the forest carbon balance. It is realistic to assume that the energy consumption will grow. It is important to ensure that the growth comes from clean and renewable sources.

Tanzania in the regional context Traditionally, Tanzania has played a constructive role in the East African region, where many countries have had difficult relations with their neighbors. Tanzania has for decades been a host for a number of refugees coming especially from neighboring countries (DRC, Burundi).

Tanzania has a unique position between Southern and Eastern Africa and has cherished active relations towards both regions. Tanzania is a member of the AU, EAC and SADC. Recently, the level of activity in regional cooperation has slowed down as the country has turned more inwards. Nevertheless, expectations regarding Tanzania's capacity to assume political leadership in solving some of the region's political crises remain. African regional and continental integration processes, particularly the African Continental Free Trade Agreement process has the potential to significantly increase trade between the AU member countries. Tanzania has traditionally had strong ties to old colonial powers UK and Germany, and the EU has been a key partner. In recent years new geopolitical actors such as China, Turkey, India and countries of the Persian Gulf have established themselves as relevant new partners challenging i.a. Finland's position. Russia, however, is less visible in Tanzania.

2 FINLAND'S RELATIONS WITH TANZANIA

Finland's relations with Tanzania are long-standing and based on mutual respect. Tanzania has been one of Finland's major long-term development partners. This cooperation work has laid a solid foundation for wider partnerships in the future. Based on the goals and principles of the Finnish development policy, Finland promotes poverty eradication, equality, human rights and sustainable development in all forms of cooperation. Finland's development cooperation in 2016-2020 programme has focused on public sector development and good governance and as well as livelihoods and employment, especially in the forestry sector. Finland's new Country Programme for development cooperation in Tanzania will put even more emphasis on civic rights and participation and gender equality. Cooperation in forestry will continue, but with a stronger attention to climate resilience.

Finnish NGO's have multiple projects in Tanzania mainly in the health and education sectors. In 2020 there are currently 13 Finnish NGO's active in Tanzania and they have more projects in Tanzania than in any other long-term development cooperation partner country. Several Finnish universities engage in joint research and training schemes furthering e.g. youth employment and capacity building and providing valuable information also for Finnish companies. Some vocational education and training institutions cooperate with Tanzanian counterparts i.a. through EDUFI's Keva network. There are also several cooperation projects between Government agencies in Finland and Tanzania. For example the Statistical Institute, the Meteorological Institute, the Environment Institute, the Tax Authority, Verifin and the Defence Forces enhance preparedness and resilience to climate change, pandemic threats as well as the business environment.

It is in Finland's interest to facilitate the work of Finnish state and non-state actors, academic institutions and the private sector as it contributes to many of Finland's strategic aims and values. New partnerships will aim at further enhancing trade flows, peer to peer support and knowledge transfer contributing to the overall image of Finland and to a diverse and fruitful partnership with Tanzania.

Trade between Tanzania and Finland has remained fairly modest. Exports to Finland consist mainly of coffee and tea. Imports to Tanzania are composed of machinery, fertilizers and electronics. Finnish companies operating in Tanzania vary widely in size, and the total number of established companies is still low. There is a mutual interest to increase trade and investment between the countries.

Tanzania has traditionally been a strong partner to Finland on **multilateral arenas**, as has been demonstrated e.g. by the Helsinki Process on Globalization and Democracy, jointly launched by Finland and Tanzania in 2002. In recent years Tanzania's presence at global and regional level has been less pronounced. It is in the interest of Finland to maintain good and broad based relations with Tanzania and to seek partnerships in areas of common interest including in the multilateral fora in order to strengthen the rules-based order. Combating climate change has been highlighted by the Tanzanian leadership as a potential area for future cooperation. Finland also supports Tanzania's stabilizing role in the East African region.

The EU is the most important reference group for Finland in Tanzania. As part of the EU, Finland engages in dialogue with different segments of Tanzanian society including regular political dialogue with the government. The dialogue focuses especially on human rights, democracy, good governance and trade, but also includes issues related to international agenda like climate change and strengthening of the rules based international system. Tanzania's stabilizing role in the Eastern African region is appreciated and supported. It is in Finland's interests to pursue active dialogue both bilaterally and within the EU framework.

The EU and its member states are in the process of strengthening their own interests and action in the region. The EU-Africa Strategy has the potential of creating a more equal partnership between the EU and its African partners. The Team Europe approach during the Covid crises has consolidated a common European approach and pooled resources in a productive way. Similarly in development cooperation Finland will seek opportunities for EU joint programming in the spirit of "Team Europe".

Nordic countries also have a special role in Tanzania due to the long history of development cooperation and interpersonal relations between the leaders of our countries. Nordic cooperation creates another platform to enhance Finland's role and profile in Tanzania. Promoting values and bringing commercial Nordic solutions remain important outlets for Finnish activity. Nordic countries cooperate in Tanzania actively on issues like Nordic values, political dialogue and trade.

Finland also actively engages with other like-minded countries present in Tanzania such as the United States, Canada and Switzerland as well as the key international organizations like the UN agencies such as UN Women, UNFPA, UNRC (Finnish Sarc), the World Bank, IMF and the African Development Bank.

3 FINLAND'S STRATEGIC GOALS

Finland's partnership with Tanzania builds on the above context analysis and the long-standing relations between our two countries. Finland aims at holistic and broad-based bilateral relations with Tanzania, working on a long history of cooperation as well as looking for new openings and opportunities. Political and trade relations alongside the development cooperation will be strengthened, if circumstances allow, while at the same time tapping into the broad base of collaboration between Finnish and Tanzanian actors.

Finland's actions in Tanzania are rooted on the value-base of the Finnish foreign and security policy stated in the Government programme as well as future challenges identified in the context analysis: promotion of human rights, rule of law, democracy, peace, freedom, tolerance and equality. The central aim of this policy is to systematically promote gender equality and the full materialisation of girls' and women's rights. During the period of 2021-2024 Finland will work towards reaching the following strategic goals for Tanzania:

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3.1 Finland promotes democracy, human rights and gender equality

Finland's foreign policy emphasizes the importance of democracy, human rights, gender equality and the rights of persons in vulnerable positions. In this respect Finland wants to support Tanzania in upholding its path towards consolidating its democratic multiparty system and enhancing good governance, accountability and transparency. Civil society plays a vital role in a functioning democracy. It is therefore important to safeguard space for civil society organizations to operate and to ensure opportunities for people to participate in society and democratic processes.

Tanzania has ratified most of the international human rights agreements. However, some of the declarations are still pending. Finland supports the realization of these

human rights obligations. Particular attention is paid to media freedom, freedom of speech, non-discrimination and human rights defenders.

Gender equality is a fundamental value of the Finnish Foreign Policy. In its relations with Tanzania, Finland emphasizes the rights of women and girls. Focus is on women's participation in decision-making, women's economic empowerment and the fight against sexual and gender based violence.

Ways to support the achievement of this goal:

The **political dialogue** takes place within the framework of the **EU's** Common Foreign and Security Policy as well as **bilaterally**. In the EU framework, the objective is to maintain broad-based contacts with all segments of Tanzanian society and have regular, substantial and comprehensive political dialogue with the government. The dialogue will focus on human rights, democratic development, freedom of speech and assembly, good governance and rule of law.

Finland participates actively in **sectoral policy dialogue** especially on gender issues and good governance assuming sectoral leadership positions. Democracy and human rights issues are taken into account in all sectors of the Finnish-Tanzanian cooperation. Finnish foreign policy priorities are also fostered through high-level political **visits** as well as visits of representatives of various sectors of society and media, from Finland to Tanzania and vice versa.

Finland's new Country Programme for **bilateral development cooperation** (2021-24) will continue to support Tanzania's democratic development, efficient and accountable governance and gender equality. Finland will support specific programmes to enhance these priorities as well as other human rights issues. In all its development cooperation, Finland aims to promote the rights of women, people with disabilities and other persons in vulnerable positions, through the realization of their rights and through their equal inclusion in development activities.

Finland supports several Finnish and Tanzanian **NGO's, universities and institutions active in Tanzania. Finland also strongly supports multilateral organizations** in the enhancement democracy, human rights and gender equality in Tanzania.

3.2 Finland advances stability and sustainable development by contributing to poverty alleviation, promotion of livelihoods and climate resilience

Finland will continue to be an engaged partner with Tanzania in its aspirations to alleviate poverty, to improve the lives of its citizens and to achieve the goals of Agenda 2030. Finland aligns itself with Tanzania's National Development Plan, Development Vision 2025. As poverty remains a key challenge in Tanzania, Finland pays special attention to poverty alleviation.

Finland supports inclusive and sustainable development of the forestry sector in Tanzania. In this cooperation the aim is to empower Tanzanian communities to manage their natural resources in a sustainable way and to strengthen their means of livelihood. Finland will emphasize the importance of combatting climate change and strengthening resilience.

Ways to support the achievement of this goal:

Finland participates actively in dialogue with Tanzania both **bilaterally** and through the **EU**. In its **sector policy dialogue**, Finland will promote more transparent and inclusive policy making, access to land and natural resources, climate resilience and empowerment of local communities.

Finland will continue **bilateral development cooperation** efforts to improve livelihoods and climate resilience in rural communities through sustainable management and efficient use of existing forest resources and establishing new forests where there are none. For ensuring environmental and social sustainability, Finland will support participatory land-use planning processes that secure a balanced allocation of land for different purposes. Finland will also support education in the forestry sector as well as grassroots innovations.

Finland is engaged in the Tanzanian forestry sector through various **NGOs and private sector investments**. FINNFUND, for example, has several investments in the Tanzanian forestry sector and agriculture. Several Finnish government agencies and the academia cooperate in areas such as data and statistical collection, meteorological and pandemic preparedness, sustainable communal and energy solutions and education.

Finland will actively seek cooperation with Tanzania in various **multilateral fora** on issues related to climate change. Finland encourages Tanzania to join the Coalition of Finance Ministers for Climate Action, which would provide a platform for deeper cooperation.

3.3 Finland aims to strengthen inclusive and sustainable growth and employment creation by engaging in trade promotion and supporting the business environment

Trade between Tanzania and Finland has remained modest, but there is mutual interest to increase it. Finland employs a holistic Team Finland approach in promoting trade with Tanzania seeking synergies between various instruments of cooperation. Finland aims to support economic inclusion and sustainable growth through socially responsible, economically and environmentally sustainable investments. Private sector solutions can also be a viable tool for climate adaptation.

Finland emphasizes trade promotion, providing market information and improving the business climate in Tanzania. Finland supports the development of an enabling business environment in all levels of society by supporting to improve Tanzania's tax systems. Increase in trade and investments, however, depends largely on the economic development of Tanzania and its business environment.

Potential areas for trade include agriculture and food processing, infrastructure and ICT and forestry. The unpredictability and complexity of the business environment, however, has been a major challenge in promoting bilateral trade and the involvement of Finnish companies in Tanzania. Synergies between development cooperation and trade promotion can be found especially in the forestry sector. Finnfund has thus far invested 35 MEUR in Tanzania, mainly in the forestry sector but also in agriculture, air transport and fintech.

Finland supports and promotes regional and global initiatives aiming at a predictable and conducive trade and business environment. Finland aims to influence EU trade policy in Africa to foster a level trading field.

Ways to support the achievement of this goal:

Dialogue, both **bilaterally** and **through** the **EU**, with the Tanzanian government on **questions** related to good governance, trade, investment and the creation of an enabling environment for the private sector.

Reciprocal **high-level visits** as well as visits of representatives of various sectors of society are important in broadening trade relations. It is also important to **increase interactions** with the private sector, civil society, local institutions, Tanzanian diaspora in Finland and the alumni in Tanzania.

Synergies with bilateral development cooperation programmes and other Finnish engagements are sought when feasible. Active use of **private sector instruments** (FINNFUND, Finnpartnership, Developing markets Platform, PIF) are encouraged. **Cooperation with Team Finland partners** such as Business Finland, the Confederation of Finnish Industries, Chamber of Commerce, private companies is important. In Tanzania Finland works together with local actors such as the Private Sector Foundation, European business groups, chambers of commerce and private companies.

To enhance the business environment in Tanzania and in the region, Finland supports several **regional and multilateral development cooperation initiatives**. Finland also supports Tanzania **in improving its tax system** to be more efficient, customer friendly, predictable and transparent and is an active participant in **sector policy dialogue** in the areas of natural resources and taxation.

Finnish universities and government agencies long-standing cooperation with Tanzanian counterparts importantly contributes to enhancing the business environment by i.a. developing the statistical systems, data collection and general capacity building.

4 IMPLEMENTATION AND MONITORING

The country team in the Regional Department of the MFA and the Embassy are in charge of the implementation of the Country Strategy. This is done in close collaboration with Departments/Units in charge of different instruments and activities identified under each strategic objective. While the country team is responsible for coordinating country level activities, other Departments/Units keep country teams informed and involve them in discussions as well as activities relevant to the strategic goals. Country teams hold dialogues with relevant Departments/Units within MFA and with stakeholders outside the MFA that are active in the country. Other stakeholders outside the MFA are encouraged to have dialogues with the country teams on the ways they can contribute to the strategic goals in each country.

The Embassy and the team as a whole are providing analysis on the implementation of the strategy as part of their regular reporting. The implementation of the Country Strategy is reviewed in the annual discussions with the Ambassador. Possible updates are agreed based on the annual discussions by the leadership of the Regional Department.