

TANZANIA

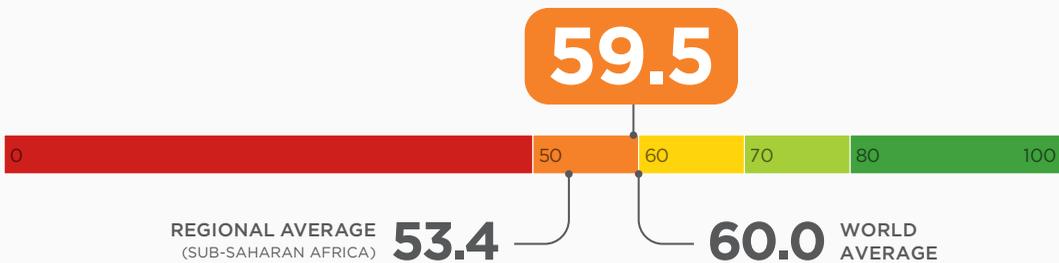
Tanzania's economic freedom score is 59.5, making its economy the 93rd freest in the 2022 *Index*. Tanzania is ranked 10th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Unlike most of the world's other economies, Tanzania's economy has grown steadily over the past five years, albeit at a reduced rate in 2020. Unfortunately, a five-year trend of expanding economic freedom has faltered. Lifted by higher scores for **fiscal health** and **government integrity**, Tanzania has managed to record a 0.9-point overall gain of economic freedom since 2017, but it also has fallen back into the top half of the "Mostly Unfree" category from which it had emerged in 2019. Better **monetary freedom** is promising, but in general, rule of law and **business freedom** need to be strengthened.

IMPACT OF COVID-19: As of December 1, 2021, 730 deaths had been attributed to the pandemic in Tanzania, and the government's response to the crisis ranked 169th among the countries included in this *Index* in terms of its stringency. The economy grew by just 1.0 percent in 2020.

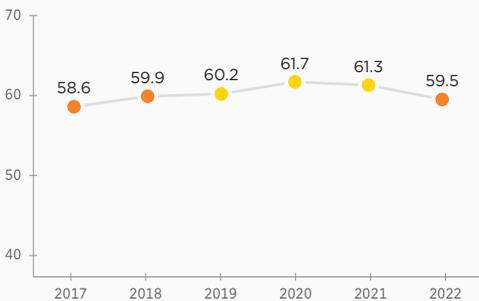
WORLD RANK: **93** REGIONAL RANK: **10**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
59.7 million

GDP (PPP):
\$163.6 billion
1.0% growth in 2020
5-year compound annual growth 5.7%
\$2,821 per capita

UNEMPLOYMENT:
2.2%

INFLATION (CPI):
3.0%

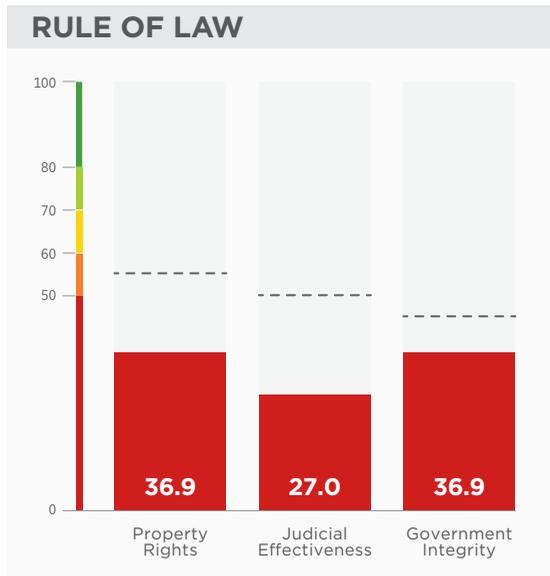
FDI INFLOW:
\$1.0 billion

PUBLIC DEBT:
38.2% of GDP

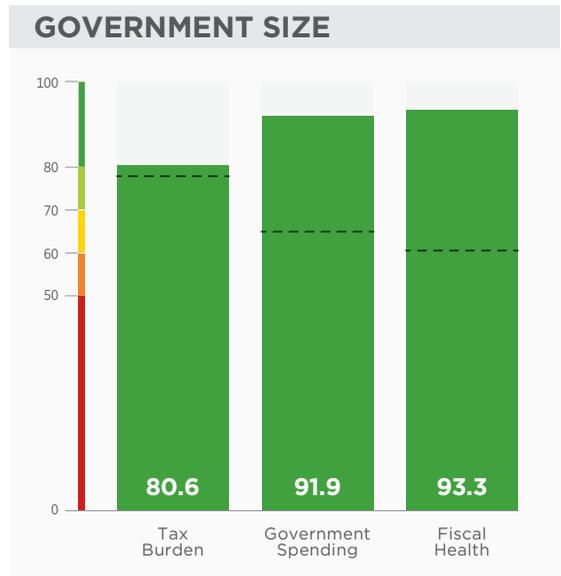
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In 1964, shortly after independence from Britain, Tanganyika and the island of Zanzibar merged to form the United Republic of Tanzania. The Chama Cha Mapinduzi (CCM) party has been in power continuously since independence. John Magufuli of the CCM was reelected to a five-year term as president in 2020, but the election was marred by violence and the intimidation and harassment of the opposition. Magufuli's unexpected death in March 2021 elevated his vice president, Samia Suluhu Hassan, to the presidency. Despite vast mineral and natural resources and tourism, most Tanzanians are poor and dependent on subsistence agriculture. Plans for the construction of an oil pipeline from western Uganda to Tanzania's Tanga port are ongoing.

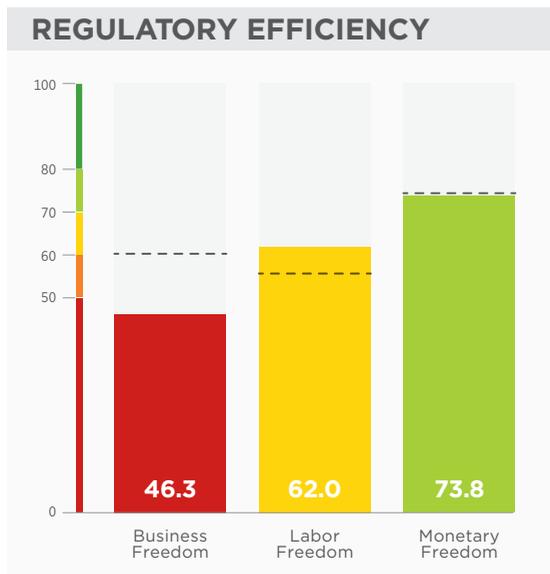
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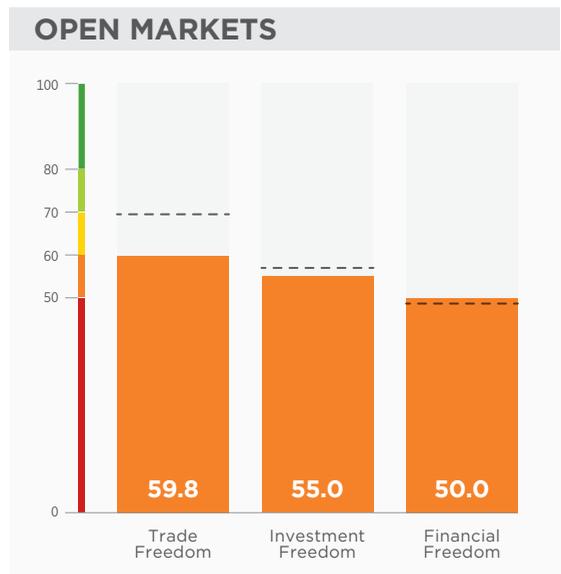
Secured interests in property are recognized and enforced. All land belongs to the state, but only 15 percent of it has been surveyed. Registration is difficult. Complex land laws have sparked numerous disputes. The judiciary is poorly resourced, ill-trained, corrupt, and politically influenced. Corruption is pervasive in government procurement, the awarding of licenses and concessions, dispute settlements, regulations, customs, and taxation.



The top individual income and corporate tax rates are 30 percent. Other taxes include a value-added tax and an interest tax. The overall tax burden equals 11.7 percent of total domestic income. Government spending has amounted to 16.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 38.2 percent of GDP.



A 2018 plan to improve the business environment has not yet been implemented. Tax administration, the opening and closing of businesses, trading across borders, and otherwise dealing with the government are tedious. Zanzibar's labor laws differ from mainland Africa's. Transfers and subsidies for agriculture and the power, communications, rail, telecommunications, insurance, aviation, and port sectors consume more than half of the budget.



Tanzania has four preferential trade agreements in force. The trade-weighted average tariff rate is 10.1 percent, and 19 non-tariff measures are in effect. Bureaucratic delays and other institutional hurdles discourage foreign investment. Credit is allocated largely at market rates, and commercial credit instruments are available to the private sector. However, capital markets are rudimentary.