

Political Risk Alert (24 R } ^ 2019)

Tanzania: Rising nationalism is driving foreign policy

Event: On May 30, new foreign minister Palamagamba Kabudi told parliament that, under President John Magufuli, Tanzania would never 'kneel' before donors to obtain aid.

Significance: Kabudi's recent appointment suggests a deep underlying shift is underway in Tanzanian foreign policy as nationalism becomes the driving feature. This will be particularly evident in the rejection of some aspects of aid conditionality. The possibility of foregoing aid revenue will prompt intensified government efforts to boost domestic revenue collection, using tax income to compensate for slowing development aid.

Analysis: While on paper Tanzanian foreign policy still emphasises liberal diplomacy, since President Magufuli came to power in 2015 the reality of foreign policy has changed. His first foreign minister was Augustine Mahiga, a career diplomat with over three decades of experience in key international organisations. Mahiga used this experience to compensate for the president's relative inexperience in international affairs, but apparently irritated Magufuli by his positive attitude towards Western nations. It has since been made clear, not least by way of Mahiga's removal, that Magufuli instead prefers a more robust strategy.

Relations with the West have been a central theme in the president's rhetoric since the early days of his presidency, as he cultivated the popular line that the country should put its own interests first and view foreign relationships in terms of the expected economic benefits for Tanzania. In particular, he has repeatedly made headlines with his strident denunciations of unfair investment deals and foreign exploitation of the country's natural resources. At the same time, he has also made it perfectly clear that he harbours strong distaste for the conditionalities attached to Western development aid.

A major test of Mahiga's capacity to play the role of Magufuli's foreign minister came in November 2018, when Dar es Salaam Regional Commissioner Paul Makonda announced plans to form a vigilante squad to identify homosexual people for arrest, under domestic laws that criminalise same-sex relations with a penalty of thirty years to life imprisonment. Mahiga was quick to distance the government from Makonda's plan, insisting that this was not representative of the government's stance. The ministry also reassured embassies that the government would continue to respect international treaties and human rights agreements to which it was a party.

This response placated the concerns of key development partners but was clearly in opposition to the president's own views on homosexuality. Magufuli has publicly and repeatedly made clear his personal opposition to same-sex partnerships. In June 2017, he ordered that all NGOs campaigning for gay rights should be de-registered, even if the country were to lose foreign aid revenues as a result. Three months after the anti-homosexual controversy, Magufuli replaced

Mahiga as foreign minister in a swap that saw him take up Kabudi's previous post as minister of legal and constitutional affairs.

During the anti-homosexual controversy, aid conditionality became a heated issue. Denmark announced it would withhold 9.8 million dollars in aid based on the government's "unacceptable homophobic comments", the European Council said it would conduct a "comprehensive review" of EU aid policy towards Tanzania, and the European Parliament adopted a highly critical resolution. In response, Magufuli quickly went on record praising Chinese aid on the grounds that, unlike the West, China never attaches conditions to the aid it offers.

Even so, Magufuli's anti-colonialist rhetoric may not necessarily translate into foreign policy that is preferential towards non-Western countries. Though he has praised Chinese aid for being condition-free, he has also attacked some Chinese deals in the country, most recently the construction of a mega-port at Bagamoyo, 50 miles north of Dar es Salam.

The ten-billion-dollar deal was signed by his predecessor in 2013, but the investment and associated plans are now in jeopardy after Magufuli criticised them for being so exploitative that only a 'madman' would accept them. Despite a ground-breaking ceremony in 2015, construction work has not yet started in the absence of a final legal agreement, and there were new indications in May that Beijing is losing patience.

With Kabudi's appointment, the president now has a foreign minister who is likely to take a similar stance to foreign investment. While Mahiga had attempted to play down Magufuli's personal values as part of a cautious approach to managing foreign relationships, Kabudi has repeatedly challenged the behaviour of the same Western investors and donors that Mahiga had been keen not to offend.

It was Kabudi, when minister for legal affairs, who oversaw the confrontational tax dispute negotiations with Barrick Gold over a 190-billion-dollar tax bill supposedly owed by Barrick subsidiary Acacia for alleged under-reported exports. He also enacted sweeping legislation giving the government more say over foreign investments into natural resources.

Despite the risks involved for government revenues, Magufuli has made it clear that he believes abandoning aid and FDI is ultimately healthier for Tanzania if it means resisting foreign political impositions and unfair business practices.

As his expected second term approaches, Magufuli is keen that his legacy will be a Tanzania that is more economically independent. Unlike his predecessors, who regularly travelled abroad to secure aid and attract foreign investors, in over three years in office Magufuli has never set foot in a Western country, even for the annual UN General Assembly meeting in New York. His only foreign trips have been within East and Southern Africa.

For his administration, the key to Tanzania's success lies in major infrastructural projects, such as revamping the national carrier, building a hydroelectric mega-dam or constructing a new

railway from Dar es Salaam's port to inland neighbours such as Rwanda. With foreign finance increasingly deemed toxic, the government is likely to intensify its efforts to fund these projects through domestic means, primarily through increased, new or more effective taxation efforts.

Looking ahead: While President Magufuli is unlikely to overhaul Tanzania's foreign and economic policy completely, he is taking an increasingly aggressive stance against what he describes as external interference in domestic affairs. There seems little concern at the most senior levels of government that this approach is damaging the government's ability to secure both aid and foreign direct investment.

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