

TANZANIA ON THE PATH OF PROGRESS

Two unprecedented incidents have occurred in Tanzania in the last three and a half years. Firstly, President Samia Suluhu Hassan became Tanzania's first female President in March 2021. Secondly, according to a recent United Nations report and resolutions for developed and least developed nations, Tanzania met the graduation criteria for the first time in 2024. While its gross national income (GNI) remains low, the country performs well on the Human Asset Index (HAI). Tanzania, which has over 100 languages and is home to Africa's highest and lowest points, is regarded as one of the continent's safest and most politically stable nations.

The current administration has continued to support private sector development. In 2023, the legislature passed a new Tanzania Investment Act along with its implementing regulations. In September 2023, Tanzania officially launched the Tanzania Electronic Investment Window, a platform designed to seamlessly integrate facilitation services under the one-stop facilitation centre for all investors. This platform will significantly strengthen investor protection guarantees, which are crucial for securing investments for the country. The fiscal deficit fell from 4.6% of GDP to 3.0%, aligning well with the global standard and contributing to the fiscal consolidation target of 3% for FY 2023/24.

The current account deficit narrowed to 3.9% in 2023, helped by an uptick in tourism receipts. Going forward, GDP is projected to grow by 5.6% in 2024, with a long-term potential of around 6%, supported by an improving business environment and ongoing structural reforms. A promising macroeconomic outlook and an increased budget to unlock sectoral productivity, particularly in agriculture, which employs three-quarters of the people experiencing poverty, suggest that the poverty rate could decline in the medium term. While net FDI inflows have been quite volatile and on a downward trend over the past few years, there was an increase in the share of FDI in GDP from 1.1% in 2020 to 1.5% in 2022 and an increase in the number of registered investment projects from 203 between February and September 2022 to 344 in the same period in 2023. Inflation pressures are moderate due to eased global prices, timely fiscal subsidies, and tightening monetary policies. Recently, Tanzania adopted an interest-rate-targeting monetary policy regime in January 2024 to strengthen control and anchor inflation.

Its strong service sector and effective macroeconomic management allowed it to emerge from the COVID-19 pandemic in good shape. Tanzania's overall economic growth expanded by 7.3%, supported by the financial and insurance, transport, storage, trade, and repair sectors. Despite recurrent droughts and floods, the agriculture sector grew by 3.4% in 2023.

For Tanzania to benefit from its youthful population and reap a demographic dividend, it must accelerate the decline in fertility, further reduce child mortality, increase investments in developing its human capital, scale up access to high-quality and affordable family planning services, ensure that girls complete secondary school, and create better economic opportunities for its young people. Media freedom, protecting refugees' rights, strengthening democratic institutions, and focusing on employment-generating sectors such as mining, textiles, livestock, and tourism are also crucial.

Tanzania's recent development must translate into poverty reduction, which must be mitigated by implementing reforms towards inclusive growth with a special focus on investing in agricultural productivity, human capital, and the private sector. Overall, the country appears well-positioned to sustain its economic and social development momentum, provided it remains steady and continues on a guided path.

***Views are personal**

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About

The Department of African Studies has launched an initiative called "**Scholars on Africa**" with the primary objective of promoting the research ideas of scholars and faculty members on current happenings and contemporary issues related to the African continent. This initiative serves a dual purpose, as it not only facilitates academic exploration but also provides valuable insights to the policymakers of India on matters concerning Africa. By actively engaging with scholars and faculty members, the initiative aims to foster a better understanding and relationship between India and Africa, bridging the gap between the two worlds.

Under the "Scholars on Africa" initiative, Scholars of the Department of African Studies are encouraged to contribute write-ups on various African issues, not exceeding 1000 words in length. It is noteworthy that these write-ups will be forwarded by any faculty members of the Department. These write-ups serve as a platform for scholars to express their personal views and insights on a diverse range of topics, including History, Politics, economics, culture, and social issues prevalent in Africa.

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