



**LIBERTY  
SPARKS**

For a Freer & Prosperous Society

**(THINK TANK)**

# **IMPROVED TANZANIA ECONOMIC FREEDOM REPORT 2022**

Supported by



**ATLAS  
NETWORK**



## WORKING GROUP MEMBERS



### PREPARED BY

Prof Samuel wangwe  
Dr Petro Sauti Magai

### PRESENTED BY

Liberty Sparks

## TABLE OF CONTENTS

---

|  |             |
|--|-------------|
| <b>TABLE OF CONTENTS</b> .....   | <b>I</b>    |
| <b>LIST OF TABLES</b> .....  | <b>IV</b>   |
| <b>LIST OF FIGURES</b> .....   | <b>V</b>    |
| <b>LIST OF ABBREVIATIONS AND ACRONYMS</b> .....  | <b>VI</b>   |
| <b>EXECUTIVE SUMMARY</b> .....   | <b>VIII</b> |
| <b>1.0 INTRODUCTION</b> .....  | <b>1</b>    |
| <b>2.0 OBJECTIVES, APPROACHES AND METHODOLOGY</b> .....  | <b>3</b>    |
| 2.1 THE STUDY OBJECTIVES .....   | 3           |
| 2.2 STUDY APPROACH .....   | 3           |
| 2.3 METHODOLOGY FOR THE STUDY .....  | 3           |
| <b>3.0 INSIGHTS FROM THE LITERATURE</b> .....  | <b>5</b>    |
| 3.1 RELATIONSHIP BETWEEN ECONOMIC FREEDOM AND ECONOMIC GROWTH .....  | 5           |
| 3.2 WELL-BEING AND ECONOMIC FREEDOM .....  | 10          |
| <b>4.0 STUDY FINDINGS</b> .....  | <b>14</b>   |
| 4.1 INTRODUCTION .....   | 14          |
| 4.2 TANZANIA 2021 “ECONOMIC FREEDOM INDEX” FOR LEGAL SYSTEM AND<br>PROPERTY RIGHTS .....                                 | 16          |
| 4.2.1 <i>Legal System and Property Rights</i> .....  | 17          |
| 4.2.2 <i>Judicial Independence</i> .....   | 19          |
| 4.2.3 <i>Integrity of the Legal System</i> .....   | 21          |
| 4.2.4 <i>Protection of Property Rights</i> .....   | 23          |
| 4.2.5 <i>Gender Legal Rights Adjustment</i> .....  | 24          |
| 4.2.6 <i>Criminal Justice and Impartial Courts</i> .....   | 25          |
| 4.2.7 <i>Legal Enforcement of Contracts</i> .....  | 27          |
| 4.2.8 <i>Comparison of Tanzania with selected Countries on Rule of Law and<br/>                Property Rights</i> ..... | 28          |
| 4.3 ACCESS TO SOUND MONEY.....   | 29          |
| 4.3.1 <i>Money Growth</i> .....  | 30          |
| 4.3.2 <i>Inflation</i> .....   | 33          |
| 4.3.3 <i>Standard Deviation of Inflation</i> .....   | 34          |
| 4.3.4 <i>Freedom to Own Foreign Currency Bank Accounts</i> .....   | 36          |

|            |   |           |
|------------|---|-----------|
| 4.3.5      | <i>Comparison of Tanzania with selected Countries on Sound Money ...</i>                        | 38        |
| 4.4        | <b>FREEDOM TO TRADE INTERNATIONALLY</b> .....   | 40        |
| 4.4.1      | <i>Taxes on International Trade</i> .....   | 42        |
| 4.4.2      | <i>Mean Tariff Rate</i> .....   | 42        |
| 4.4.3      | <i>Regulation of Trade Barriers</i> .....   | 44        |
| 4.4.4      | <i>Comparison of Tanzania with selected Countries on Freedom to Trade Internationally</i> ..... | 46        |
| 4.5        | <b>REGULATION</b> .....   | 47        |
| 4.5.1      | <i>Credit Market Regulations</i> .....  | 49        |
| 4.5.2      | <i>Interest Rate Control</i> .....  | 51        |
| 4.5.3      | <i>Labour Market Regulations</i> .....  | 52        |
| 4.5.4      | <i>Business Regulations</i> .....   | 53        |
| 4.5.5      | <i>Comparison of Tanzania with Selected Countries on Business Regulation</i> .....              | 55        |
| <b>5.0</b> | <b>CONCLUSION AND RECOMMENDATION</b> .....  | <b>57</b> |
| 5.1        | <b>CONCLUSION</b> .....   | 57        |
| 5.2        | <b>RECOMMENDATIONS</b> .....  | 58        |
|            | <b>REFERENCES</b> .....   | <b>63</b> |

## LIST OF TABLES

---

|  |    |
|--|----|
| Table 1: The Legal Structure and Property Rights in Tanzania.....                        | 16 |
| Table 2: Comparison of Countries on Rule of Law and Property Rights .....                | 28 |
| Table 3: Access to Sound Money .....   | 30 |
| Table 4: Comparison of Tanzania with selected Countries on Sound Money.....              | 39 |
| Table 5: Freedom to Trade Internationally .....  | 41 |
| Table 6: Regulations of Trade Barriers.....  | 44 |
| Table 7: Comparison on with selected Countries on Freedom to Trade Internationally ..... | 46 |
| Table 8: Regulations .....   | 48 |
| Table 9: Comparison of Tanzania with Selected Countries on Business Regulation.....      | 55 |

## LIST OF FIGURES

---

|   |    |
|---|----|
| Figure 1: Per Capita GDP Constant 2015US\$ .....                      | 7  |
| Figure 2: Per Capita GDP Constant 2015 US\$ .....                     | 8  |
| Figure 3: Per Capital GDP Constant 2015 US\$ .....                    | 9  |
| Figure 4: Income Distribution by Quartile.....                        | 10 |
| Figure 5: Income Distribution by Quartile (Constant 2017 PPP\$) ..... | 11 |
| Figure 6: Happiness Index .....                                       | 12 |
| Figure 7: UN Gender Inequality Index .....                            | 13 |
| Figure 8: Tanzania’s Economic Freedom Ranks .....                     | 14 |
| Figure 9: Economic Freedom over Time .....                            | 15 |
| Figure 10: Economic Freedom Focus on Africa.....                      | 15 |
| Figure 11: Legal System and Property Rights .....                     | 18 |
| Figure 12: Judicial Independence .....                                | 20 |
| Figure 13: Integrity of the Legal System .....                        | 22 |
| Figure 14: Protection of property rights.....                         | 23 |
| Figure 15: Criminal Justice and Impartial Courts.....                 | 26 |
| Figure 16: Legal Enforcement of Contracts.....                        | 27 |
| Figure 17: Money Growth .....   | 30 |
| Figure 18: Inflation Rates .....                                      | 33 |
| Figure 19: Standard Deviations of Inflation .....                     | 35 |
| Figure 20: Freedom to own Foreign Currency bank Account .....         | 37 |
| Figure 21: Sound Money .....  | 40 |
| Figure 22: Freedom to Trade Internationally.....                      | 42 |
| Figure 23: Mean Tariff Rates.....                                     | 43 |
| Figure 24: Tanzania Tariff rates (2017-2020) .....                    | 43 |
| Figure 25: Credit Market Regulations .....                            | 49 |
| Figure 26: Interest Rates Control.....                                | 51 |
| Figure 27: Labour Market Regulations.....                             | 53 |
| Figure 28: Business Regulations.....                                  | 54 |

## LIST OF ABBREVIATIONS AND ACRONYMS

---

|         |  |
|---------|--|
| BoT     | Bank of Tanzania                                       |
| BRICS   | Brazil, Russia, India, China and South Africa          |
| CHADEMA | Chama cha Demokrasia na Maendeleo                      |
| CPI     | Consumer Price Index                                   |
| CUF     | Civil United Front                                     |
| EAC     | East African Community                                 |
| ETS     | Electronic cargo Trucking System                       |
| ESWS    | Electronic Single Window System                        |
| EU      | European Union   |
| EWURA   | Energy and Water Utilities Regulatory Authority        |
| FCA     | Fair Competition Act                                   |
| FCC     | Fair Competition Commission                            |
| FOB     | Free on Board  |
| GCRA    | Government Chemist Regulatory Authority                |
| GDP     | Gross Domestic Product                                 |
| GePG    | Government Electronic Payment Gateway                  |
| NAB     | National Accreditation Body                            |
| NEP     | National Enquiry Point                                 |
| NBS     | National Bureau of Statistics                          |
| NCPI    | National Consumer Price Index                          |
| NTBs    | Non-Tariff Barriers                                    |
| OECD    | Organization for Economic Co-operation and Development |
| OSHA    | Occupational Safety and Health Authority               |
| OSBPS   | One Stop Border Posts                                  |
| PCCB    | Prevention and Combating of Corruption Bureau          |
| SADC    | Southern African Development Community                 |
| SPS     | Sanitary and Phytosanitary Standards                   |
| SMR     | Statutory Minimum Reserves                             |
| SME     | Small and Medium Enterprise                            |
| SUMATRA | Surface and Marine Transport Regulatory Authority      |

|        |   |
|--------|---|
| TCCIA  | Tanzania Chamber of Commerce Industry and Agriculture |
| TANCIS | Tanzania Customs Integrated System                    |
| TCRA   | Tanzania Communications Regulatory Authority          |
| TFDA   | Food and Drugs Authority                              |
| TRA    | Tanzanian Revenue Authority                           |
| TZS    | Tanzanian Shillings                                   |
| USA    | United State of America                               |
| USD    | United State Dollar                                   |
| VAT    | Value Added Tax                                       |
| WMA    | Weight and Measures Agency                            |



### **Introduction**

According to Fraser Institute report (2021), the index published in *Economic Freedom of the World* measures the degree to which policies and institutions of countries are supportive of economic freedom. The structure of economic freedom world index measures the degree of economic freedom present in five broad areas, namely; Size of Government; Legal System and Property Rights; Sound Money; Freedom to Trade Internationally, and Regulation. The demonstrated economic benefits of economic freedom has led to increased openness to trade and other market-oriented reforms across developing countries, in post-Soviet Eastern Europe, and even in advanced economies. The economic freedom index report has put Tanzania in the third quantile with countries such as Kenya, Rwanda, Zambia, South Africa, Botswana, Nigeria, and Namibia. In this report, Tanzania was rated 6.75 and ranked 97 out of 165 countries. In Sub-Sahara Africa, Tanzania is ranked eighth out of 47 countries and its overall score is above the Regional average, though it is below the world average. The report has emphasized that economic freedom has substantial impact on eliminating poverty and improving the well-being of Tanzanians.

### **Objective and Methodology**

The broad objective of this study is to analyse the recently released Fraser Institute report of the “World Economic Freedom Index”, and conduct analysis to audit “Improved Tanzania Economic Freedom Index 2021. The study adopted mixed research methods to conduct this assignment. The qualitative research method was adopted to collect information from appropriate documents and selected respondents. In this assignment, both primary and secondary data was collected and analysed. Secondary sources were sought primarily from review and analysis of the 2021 World Economic Freedom Index that was released by Fraser Institute. For the purpose of this study, four broad areas of economic freedom are covered, namely; Legal System and Property Rights, Sound Money, Freedom to Trade Internationally and Regulation. The exercise leading to completion of this assignment involves carrying out round tables discussions and incorporating the relevant inputs into the policy formulation processes in Tanzania and producing a high-level Tanzania improved economic freedom index and policy paper to be presented to policymakers.

## Key Findings

- (i) Insights from the literature have indicated that economic freedom leads to economic growth and wellbeing. However, the findings on the positive relationship between economic freedom and growth and wellbeing are not without exceptions. The implication is that there must be other factors at play in specific contexts.
- (ii) Tanzania performance on the legal system and property rights remained relatively the same with the highest being in 2017 at 5.57 and the lowest being 5.3 in 2019. The judicial independence was 5.29 and 5.4 in 2018 and 2019 respectively. However, there was a general decline for Tanzania in the legal system and property rights. The decline was partly attributed to the amendments of miscellaneous laws that reduced property rights for landowners. It also led to the decline of independence in the judicial system, as the executive branch of the government became predominant riding roughshod over other branches during the 2016-20 period. . During the 2016-20 period there was progressive decline of respect for the constitution or law as exhibited by firing senior civil servants in public meetings contrary to public service regulations and the lengthening list of unailable offences under the notorious Money Laundering Act that covered cases of the government's political opponents and critical journalists.
- (iii) The constitution of the United Republic of Tanzania prohibits all forms of discrimination. Women rights are constitutionally guaranteed but not uniformly protected. Despite the presence of these progressive pieces of law, including the mother laws that protect women's rights in Tanzania, there are still challenges that women are facing. A sizeable number of women are unable to realize their right to own land and other property due to a lack of awareness of these laws and challenges of enforcement. A major barrier to female property rights is the presence of customary laws, practices, inheritance practices, traditions and norms that deny women rights to own property.
- (iv) The score in sound money has been respectable at over 9.0. Credit provided to the private sector is promising. A reflection of sustained accommodative monetary policy and improving business conditions. Inflation has been stable as indicated by its level and standard deviation.

- (v) Banks and financial institutions are allowed to provide access to foreign currency facilities to residents in respect of all current account payments and this has maintained at a high score through the period 2015-2019 because during the period there was no alteration in Government regulation in respect of ownership and operating foreign currency bank accounts.

There has been minimal variation in freedom to trade internationally during the period 2015-2019. This is an indication of stability of government policy on regulations governing international trade. However, the score for revenue from trade taxes declined steadily from 8.82 in 2015 to 7.34 in 2019. The findings revealed, Tanzania performed poorly on the management of trade barriers and regulations, with the score being 2.91 in 2019, which was far less than average

- (vi) Non-tariff barrier (NTBs) to trade recorded a score of 4.82 in 2016 rising to 5.03 in 2019 while the compliance costs of importing and exporting remained unchanged at 0.80. Black market remained the same score 10.00 though out the year in question. This was the same with the freedom of foreigners to visit Tanzania.
- (vii) In credit regulations, Tanzania is 58<sup>th</sup>. This means that businesspersons and entrepreneurs have unnecessary difficulty in obtaining credit to start or expand a business and create jobs and prosperity. Tanzania was ranked 13th out of 15 countries in Sub Saharan Africa for credit accessibility. As an emerging market, many enterprises in Tanzania have struggled with restricted credit access, and 70 per cent of all Tanzanian SMEs, have no formal credit access at all. In fact, only 15 per cent of the population has formal access to credit through banks.
- (viii) The lack of credit does not mean that Tanzanians are not borrowing money, as over half of those in the labour market have taken loans at some point. Many Tanzanians use mobile money platforms.
- (ix) The analysis of performance through Fraser Institute has indicated that, the credit market regulation score in 2017 was 7.84, while the figure increased by 0.32 in 2018 with 8.18, the score was stabilized with same performance in 2019. The score demonstrate that currently. In the wake of the pandemic, BOT continued to take a series of policy measures to bolster the banking sector, including cutting the discount rate from 7.0% to 5.0% and reducing the statutory minimum reserves (SMR)

requirement from 7.0% to 6.0% effective from 8th June 2020, to support the increase in market liquidity. Despite a global decline in financial credit and growth in 2020 due COVID-19, Tanzania banking sector remained resilient growing at 4.1% in the year. Digital banking services continue to expand driven by increasing financial inclusion and mobile penetration rate.

- (x) The study findings on the performance of interest rate control (negative real interest rates) shows that Tanzania was able to control interest at a constant rate from 2015 to 2017 with the performance of 10 declining moderately to 9
- (xi) Residents enjoy some basic freedoms pertaining to travel and changes of residence, employment, and education especially those originating from Partner States of the EAC regional block where the Common Market Protocol, applying to free movement of labour, is being implemented though not fully.

## **Recommendations**

- i. Initiatives should be taken to achieve the key indicators of economic freedom.
- ii. The slippages that have been observed in performance on the legal system and property rights deserves special attention by reviewing the amendments that were made of miscellaneous laws that reduced property rights or led to the decline of independence in the judicial system.
- iii. Property rights to women should be promoted through raising the level of awareness of laws and enhancing enforcement mechanisms.
- iv. The regulatory trade barriers that were tightened in the last five years should be relaxed.
- v. Accelerate the pace of tightening up banking supervision and encouraging industry consolidation and continue to expand digital money, financial inclusion and improve private lending while reducing the incidence of non-performing loans.
- vi.
- vii. Regulating the labour market should balance between enabling decent working conditions and incomes for employees.
- viii. Implementation of the Common Market Protocol, applying to free movement of labour, should be accelerated and progress monitored based on relevant basic freedoms.



## 1.0 INTRODUCTION

---

Economic Freedom of The World 2021 measures the degree to which policies and institutions of countries are supportive of economic freedom. The structure of economic freedom world index measures the degree of economic freedom present in five broad areas, namely; Size of Government, Legal System and Property Rights, Sound Money, Freedom to Trade Internationally, and Regulation. In the five major areas, there are 24 components in the index. Many of the components are themselves made up of several sub-components. In total, the index incorporates 42 distinct variables. Each component is placed on a scale from 0 to 10 that reflects the distribution of the underlying data. When sub-components are present, they are averaged to derive the component rating. The component ratings within each area are then averaged to derive ratings for each of the five areas as elaborated below:-

In economically free societies, governments allow labour, capital and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty (Fraser Institute report, 2021). In order to receive a high economic freedom rating, a country must provide secure protection of privately-owned property, a legal system that treats all equally, even-handed enforcement of contracts, and a stable monetary environment. It also must keep taxes low, refrain from creating barriers to both domestic and international trade, and rely more fully on markets rather than government spending and regulation to allocate goods and resources (Nikolaev et al, 2017).

Economic freedom refers to various aspects of the economy. It measures how a country interacts with the world economy such as financial liberalization, freedom of trade and investment, and government effectiveness and integrity. More importantly, the index of economic freedom assesses the liberty of labour and financial markets (Miller et al., 2018). Examining the nature of economic freedom, Nikolaev & Bennett (2016) suggest that when people have greater control over their lives, they tend to better pursue a passion and yield more achievements. Theoretically, economic freedom improves a country's growth and prosperity by letting people decide for their lives. The self-directed people can work alone or in a company, generate goods and services that best meet the needs of the market (Miller et al., 2018). Individuals can freely work, consume or invest in any channel that benefits them. This, in turn, increases market efficiency and economic growth (Wu, 2011). These studies

highlight that the freedom of people to decide and control their lives improves living standards and hence strengthen economic growth. This, in turn, allows people to work alone or in a company and to generate goods and services that meet the needs of the market (Miller et al., 2018). When people have the freedom to work, consume or invest in any channel that benefits them, market efficiency and economic growth will be elevated (Wu, 2011).

The demonstrated economic benefits of economic freedom has led to increased openness to trade and other market-oriented reforms across developing countries, in post-Soviet Eastern Europe, and even in advanced economies. The economic freedom index report has put Tanzania in the third quantile with countries such as Kenya, Rwanda, Zambia, South Africa, Nigeria, and Namibia. In this report, Tanzania was rated 6.75 and ranked 97 out of 165 countries. In Sub-Sahara Africa, Tanzania is ranked eighth out of 47 countries and its overall score is above the regional average, though it is below the world average. The report has emphasized that economic freedom has a substantial impact on eliminating poverty and improving the well-being of Tanzanians. It is estimated that, around 14 million people in Tanzania live in extreme poverty, and nearly half of the population live on less than 1.90 per day and life expectancy is at 65 years (World Bank report, 2021).

## **2.0 OBJECTIVES, APPROACHES AND METHODOLOGY**

---

### **2.1 The Study Objectives**

The broad objective of this study is to analyse the recently released Fraser Institute report of the “World Economic Freedom Index”, and conduct analysis to audit “Improved Tanzania Economic Freedom Index 2021”. Specifically, the study addresses the following key areas:

- To review and conduct country auditing on “Economic Freedom in Tanzania 2021” in accordance with identified gaps.
- To review other local and international papers, run consultative discussions, interviews, and focus group discussions on the same subject in accordance with identify gaps.
- To recommend Policy Reform on four variables, notably; Legal System and Property Rights, Sound Money, Freedom to Trade Internationally and Regulation to be incorporated in Policy Formulation Processes in Tanzania.
- To produce a high-level Tanzania Improved Economic Freedom Index and policy paper to be presented to policymakers.

### **2.2 Study Approach**

The study applied the following approach to accomplish this study: -

- Undertaking robust analytical assessment based on concrete evidence from accredited sources.
- The key informant interviews were systematically conducted, analysed, and incorporated into the report.
- Both qualitative and quantitative analytical tools were applied to enhance the contextual analysis of relevant information to this assignment.
- The study is an in-depth comprehensive sound, holistic and evidence-based analysis.

### **2.3 Methodology for the Study**

The Consultant used mixed research methods to conduct this assignment. The qualitative research method was adopted to collect information from appropriate documents and selected respondents. In this assignment, both primary and secondary data was collected and analysed. The primary data was collected through interview from key informants that were selected from Research Institutions, Institutions of Higher Learning and the Private sector. Secondary



sources were sought primarily from review and analysis of the 2021 World Economic Freedom Index that was released by Fraser Institute. The auditing and analysis mainly focused on the following four components of the economic freedom index:

- Legal System and Property Rights,
- Sound Money,
- Freedom to Trade Internationally, and
- Regulation.

The exercise leading to completion of this assignment involves carrying out round tables discussions and incorporating the relevant inputs into the policy formulation processes in Tanzania and producing a high-level Tanzania improved economic freedom index and policy paper to be presented to policymakers.

## 3.0 INSIGHTS FROM THE LITERATURE

---

### 3.1 Relationship between Economic Freedom and Economic Growth (GDP)

Numerous studies have attempted to uncover the nature of the relationship between economic freedom and economic growth. Using a variety of econometric methods and different indicators of economic freedom, scholars attempted to answer the question: does economic freedom lead to economic growth? Other studies have attempted to determine which segment of economic freedom contributes to growth.

Akin *et al.* (2014) explored the impact of economic freedom on economic growth for countries with different income levels. They carried out a panel analysis on a sample of 94 countries for the period 2000–2010. They concluded that in all countries, regardless of level of income, the level of economic freedom had a positive, statistically significant relationship with economic growth.

Richard Cebula (Cebula 2011, 2013; Cebula and Clark 2014; Cebula and Mixon 2012, 2014) studied the relationship between economic freedom and the state of economies of 30 Member States of the Organization for Economic Co-operation and Development (OECD) and found that economic freedom had a positive impact on GDP level/growth for the period from 2003 to 2007. The transition period was examined to establish the impact of economic liberalization on economic flows. Pääkkönen (2010) explored how economic freedom was shown to have had a positive influence on GDP growth per worker on a panel sample of 25 transition countries that spanned the period from 1998 to 2005. Bayar (2016) also tackled the impact of economic freedom on economic growth in transition countries based on data from 1996 to 2012, for 11 such EU-member countries and confirmed the hypothesis that economic freedom and international exchange increase economic growth.

Gwartney and Lawson (2004) examined the impact of economic freedom on economic growth but with a specific focus on investment and productivity. They found that economic freedom strongly promotes investment. Nations with a score below 5 for economic freedom (on a scale from zero to 10, where a higher value indicates a higher level of economic freedom) attracted US\$845 in investment per worker over the period from 1980 to 2000 and only US\$68 per worker in foreign direct investment. Nations with an economic freedom

score above 7 attracted US\$10,871 in investment per worker, including US\$3,117 of foreign direct investment.

Moreover, investment is more productive in economically free nations. Holding constant factors thought to affect growth and productivity, such as initial per-capita GDP, tropical location, coastal location, change in human investment, and public investment, Gwartney and Lawson found that an increase of one percentage point in the ratio of private investment to GDP leads to increases in the growth rate of per-capita GDP by 0.33 percentage point in an economically free country. The same increase in private investment in a less economically free country increases the growth rate of per-capita GDP by 0.19 percentage point. In other words, investment in economically free nations (with a score above 7) had a positive impact on growth that was 70% greater than investment in nations with poor levels of economic freedom (score below 5).

Using the same regression model, Gwartney and Lawson also calculated the impact of economic freedom on overall growth through both direct and indirect effects. They found that, if a nation increased its economic freedom by one unit (on a scale from zero to 10) in the 1980s, it would have seen increased growth of 1.9 percentage points a year over the period from 1980 to 2000. Because of the high rates of growth associated with economic freedom, they also found that over the long-term economic freedom explains over two thirds of the cross-country variation in GDP.

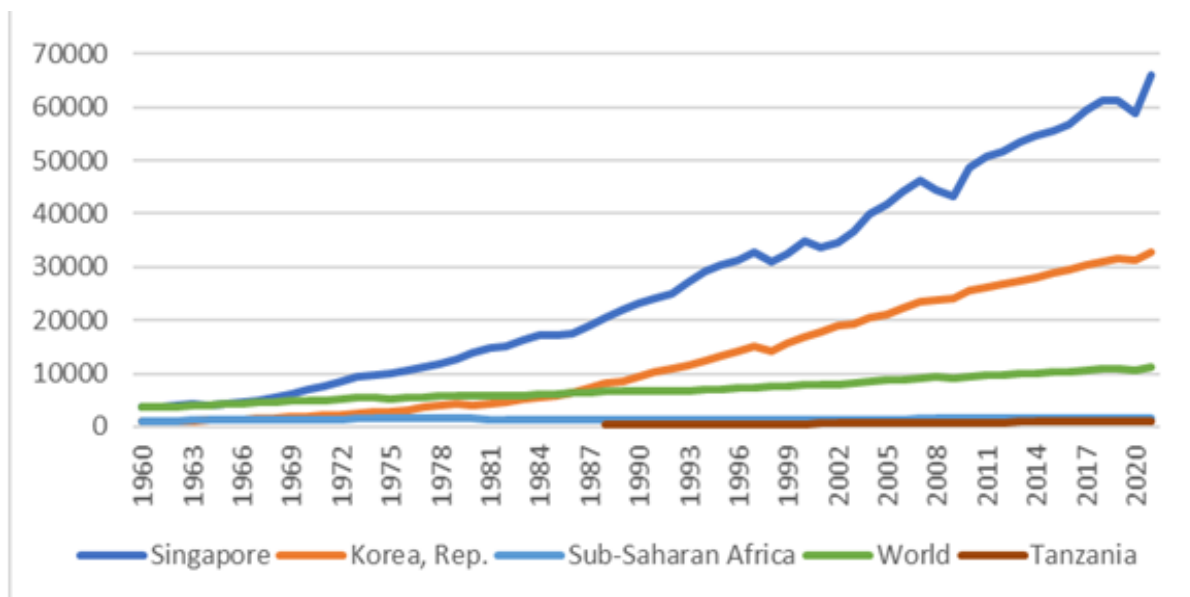
Increases in economic freedom also reduce poverty (Norton and Gwartney, 2008). Specifically, the weighted \$1-per-day poverty rate was 29.7% in 2004 for countries with EFW ratings of less than 5 but only 7.7% for countries with EFW ratings between 6 and 7; the \$2-per-day poverty rate declines from 51.5% to 46.2% to 38.9% as one moves from the least-free to the most-free economies. Moreover, a one-unit increase in the EFW rating between 1980 and 1995 was associated with a 5.21 percentage-point reduction in the \$1-per-day poverty rate and a 5.22 percentage-point reduction in the \$2-per-day poverty rate.

Norton and Gwartney also examined the relationship between economic freedom and other measures of well-being. In the least free economies, 72.6% of the population had access to safe water compared to nearly 100% in the freest economies. Life expectancy of people in the mostly free group was over 20 years greater than it was for those in mostly unfree economies

Mostly free economies had more than twice as many physicians per 1,000 population than mostly unfree economies. For every 1,000 births, 64 more babies survived in mostly free economies per year than in the mostly un-free countries. For every thousand children under age of five, 109 more children survived in mostly free countries each year than in those countries that are mostly unfree.

Figure 1 illustrate per capita GDP (Constant 2015 US \$) between Tanzania, Sub-Saharan Africa, Singapore and South Korea, and the rest of the World (Fraser Institute report, 2022). There are positive relationship between economic growth measure by the per Capita GDP and economic freedom, for example, Singapore with GDP of 340 billion USD is ranked second, while Hong Kong SAR, China with GDP of 346.6 billion USD has maintained consistent first position in the freedom economic index for the past five year.

**Figure 1:** Per Capita GDP Constant 2015US\$

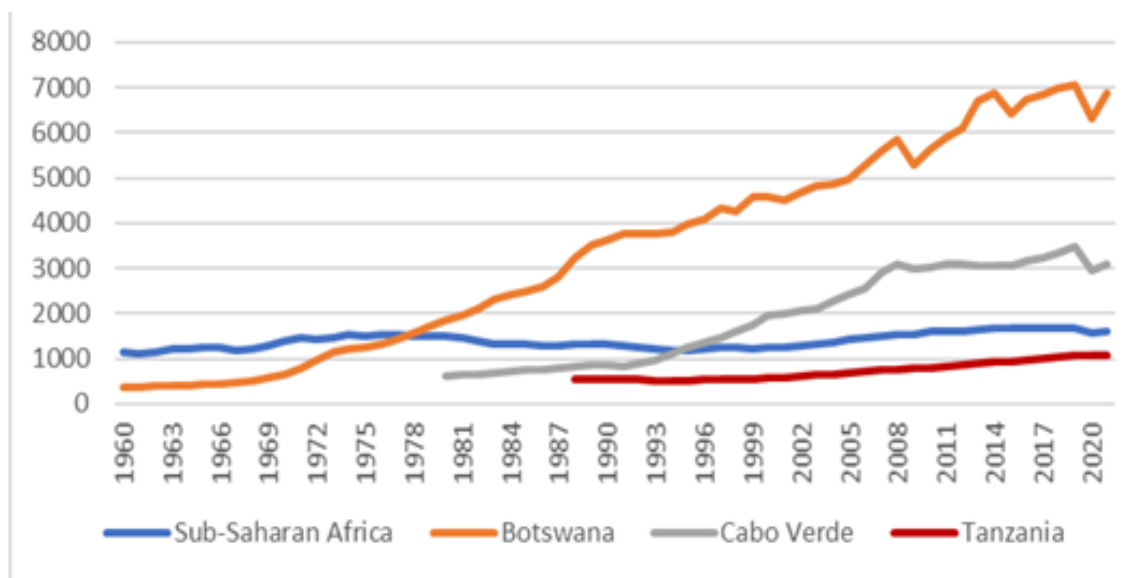


Source: Fraser Institute (2022) report

Economic freedom spurs economic growth. Figure 1 shows how economic freedom has driven growth and prosperity in Singapore and South Korea. In 1960, South Korean, having suffered a brutal occupation and civil war, was poorer than the average sub-Sahara African nation. South Korea's per capita GDP (constant 2015 US\$) was \$1,027 compared to a \$1,136 sub-Saharan average nation. South Korea opened its economy and expanded economic freedom. By 2020, the average per capita GDP in South Korea was 20 times that in Africa.

Figure 3b focuses on economic growth in sub-Saharan Africa. It shows that the global pattern of economic freedom boosting growth holds true in Africa. Nations with high levels of economic freedom, like Botswana and Cape Verde, have sped past the African average level of prosperity even though they began below the average sub-Saharan level of prosperity. Figure 2 shows that Tanzania, with a somewhat higher level of economic freedom than sub-Saharan, has closed the gap with the rest of Africa slightly but it still lags significantly behind.

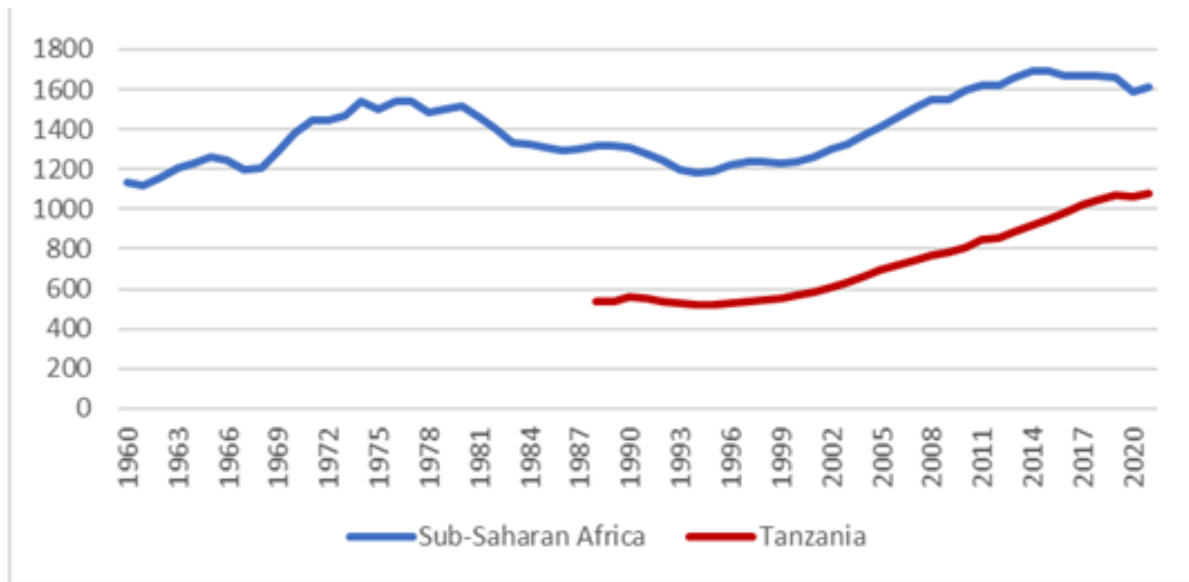
**Figure 2:** Per Capita GDP Constant 2015 US\$



**Source:** Fraser Institute (2022) report

Economic freedom spurs economic growth. Figure 1 shows how economic freedom has driven growth and prosperity in Singapore and South Korea. In 1960, South Korea, having suffered a brutal occupation and civil war, was poorer than the average sub-Saharan African nation. South Korea's per capita GDP (constant 2015 US\$) was \$1,027 compared to a \$1,136 sub-Saharan average nation. South Korea opened its economy and expanded economic freedom. By 2020, the average per capita GDP in South Korea was 20 times that in Africa.

**Figure 3:** Per Capital GDP Constant 2015 US\$



**Source:** Fraser Institute (2022) report

Figure 2 focuses on economic growth in sub-Sahara Africa. It shows that the global pattern of economic freedom boosting growth holds true in Africa. Nations with high levels of economic freedom, like Botswana and Cape Verde, have sped past the African average level of prosperity even though they began below the average sub-Saharan level of prosperity. Figure 3 shows that Tanzania, with a somewhat higher level of economic freedom than sub-Saharan, has closed the gap with the rest of Africa slightly but it still lags significantly behind.

Similar results were reported in Haydaroglu (2016) for Brazil, Russia, India, China and South Africa (BRICS). Further, Karabegovic et al. (2003) and Bennett (2016) observed that the level and growth of economic freedom affected positively GDP level and growth in 10 Canadian provinces and 50 American states over the period from 1994 to 1999 (and 1981 to 1997). However, the findings on the positive relationship between economic freedom and growth are not without exceptions. De Haan et al. (2006) rejected the robust level effect of economic freedom on growth. His argument is supported by the recent performance and figure recorded for example by Malaysia which has GDP of 336.7 billion USD but is ranked on 53 position of the economic freedom world index (Fraser Institute, 2020 report).

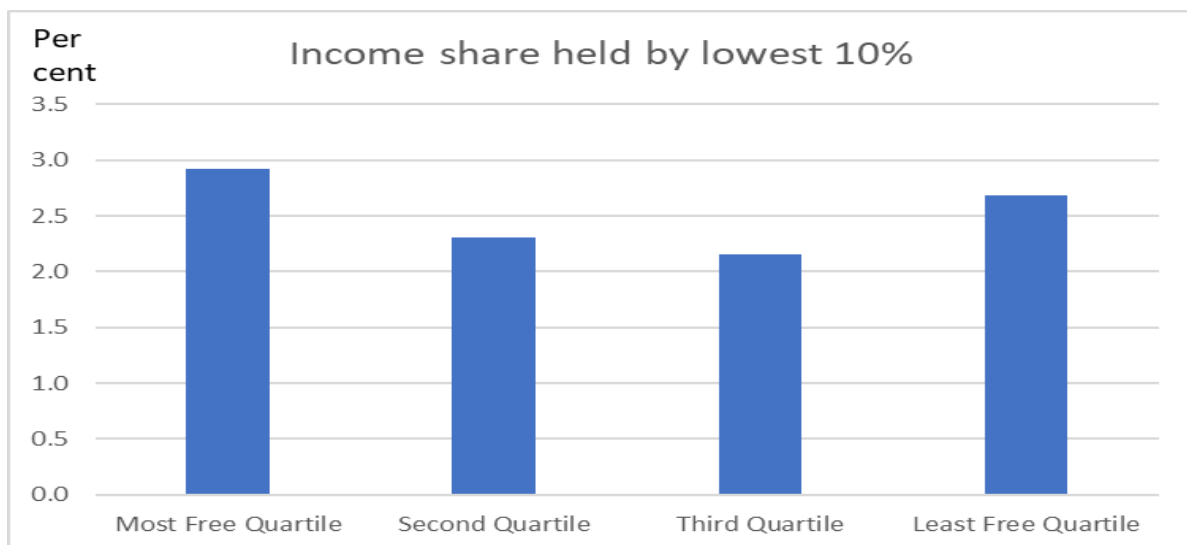
### 3.2 Well-Being and Economic Freedom

Economic activity as coordinated by “personal choice, voluntary exchange, open markets, and clearly defend and enforced property rights”, or in other words, economic freedom (Gwartney 2009: 939). Various studies have argued that free markets and competition stimulate income per capita or economic growth and have found a positive relationship (Murphy 2016; Bennett et al. 2017; Murphy and O’Reilly 2018; Spruk and Kešeljević 2018).

Income distribution appears to be largely unaffected by economic freedom and open markets, as much economic research has shown (Sala-i-Martin, 2002). In fact, in the most economically free nations, the poorest 10% receive a slightly higher share of the national income, 2.92%, than they do in the least free nations, 2.69%, as seen from Figure 4. More importantly, because of the prosperity economic freedom creates similar shares of the national income produce dramatically different results for the poor in free nations versus those in unfree nations.

The poorest 10% in least free nations have an average income of just \$1,736 a year (though this again over states the average income, like North Korea and Cuba, which are not included in the index due to lack of data). The poorest 10% in the freest nations have an average income of \$14,204, over eight times the income of the least free nations.

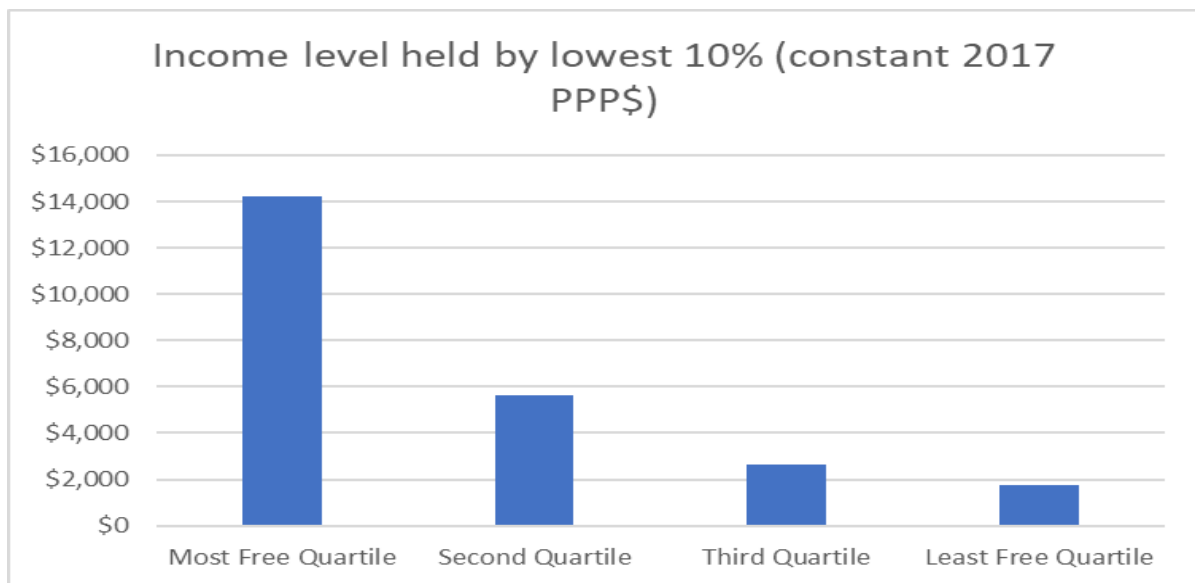
**Figure 4:** Income Distribution by Quartile



**Source:** Fraser Institute (2022) report

The figure shows that economic freedom dramatically reduces poverty. In the least free nations, over 30 per cent of the population suffers extreme poverty (defined as US\$1.90 a day) and half the population suffers moderate poverty (US\$3.20 a day). In the freest nations, just two per cent of the population suffers \$1.90 poverty and less than five per cent suffer \$3.20 poverty.

**Figure 5:** Income Distribution by Quartile (Constant 2017 PPP\$)



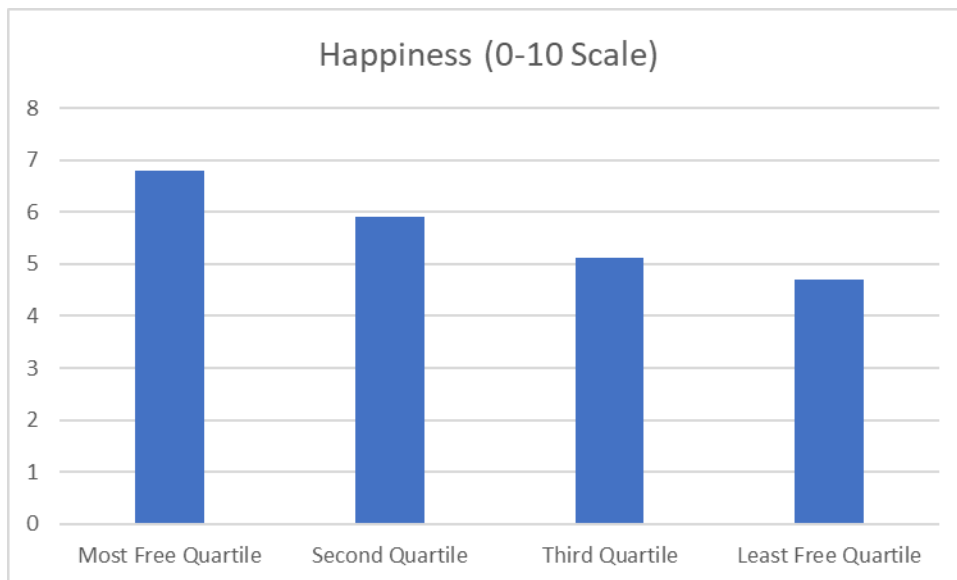
**Source:** Fraser Institute (2022) report

Other studies have argued that economic freedom stimulates life satisfaction and have shown that a positive relationship exists between them (Veenhoven 2000; Ovaska and Takashima 2006; Gropper et al. 2011; Gehring 2013; Graafand and Compén 2015) as well as with (several dimensions of) emotional well-being (Nikolaev and Bennett 2017).

Opponents of economic freedom have argued that the prosperity economic freedom creates is not a good measure of human well-being; that instead, we should be concerned about human happiness and that, they claim, is highest in socialist nations. This argument is typically made without any proof. Instead, a considerable body of research now shows that economic freedom “causes” happiness (or life satisfaction). Figure 6 shows happiness measured on the United Nations Happiness Index on a 0 to 10 scale, with 10 indicating the highest level of happiness. As it turns out, people like to be in control of their own.



**Figure 6:** Happiness Index



**Source:** Fraser Institute (2022) report

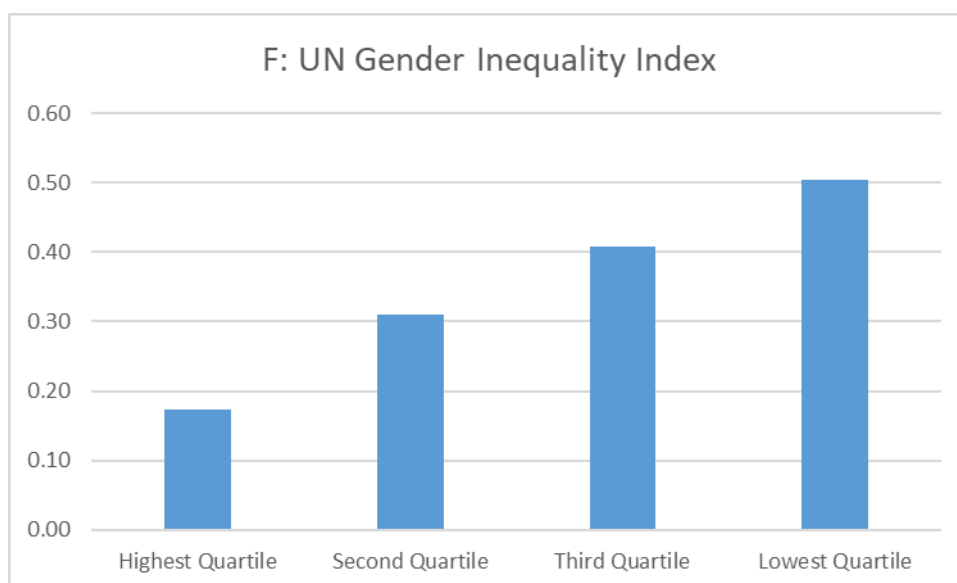
A recent study by Hall and Lawson (2014) found, however, that more economic freedom is associated with worse self-reported health status (while reducing health disparities between white and black people). Still, they also found that self-reported health is positively related to income, which might indicate that economic freedom has an indirect positive effect on health. Other studies have argued that economic freedom may also encourage education; Feldman (2017) found a positive relationship between economic freedom and human capital investment.

The positive relationships between economic freedom and education were also found by King et al. (2012). Through education, economic freedom may also raise civic participation. Hartmann and Uhlenbruck (2015) found a positive link between economic freedom and the corporate environmental responsibility of companies. The reason could be that economic freedom stimulates entrepreneurial solutions to problems such as global warming and environmental protection. Protection of property rights encourages companies to make future-oriented investments in environmental performance, as there is more certainty that they will benefit from the returns to these investments. Whereas the explorative research by Nikolaev (2014) indicated a positive relationship between economic freedom and well-being as measured by the OECD Better Life Index, his findings seem to identify one exception, namely work life balance.

Block et al. (2018) also found that entrepreneurs experience a poorer work life balance, since being one's own boss makes one work harder than salaried employment (McCloskey 2006). Furthermore, due to competition, firms have a strong interest in their employees working long hours in order to get as much as possible from them (Schor 1993). As a result, people may find themselves working many hours per week at the expense of other important commitments in their lives, such as family relationships, for a financial reward that, if they thought about it, they might realize they do not really need. Free trade (one of the dimensions of economic freedom) can also distort work life balance.

In nations that have true economic freedom, individuals are treated as equally as individuals, not as members of a privileged group, whether by tribe, religion, ethnic group, or sex. The United Nations Gender Inequality Index measure inequality on a 0 (no gender inequality) to 1 (extreme inequality)<sup>1</sup> as seen from Figure 7. The least economically free nations score 0.51, a relatively high level of gender inequality, while the freest score 0.17.

**Figure 7: UN Gender Inequality Index**



**Source:** Fraser Institute (2022) report

---

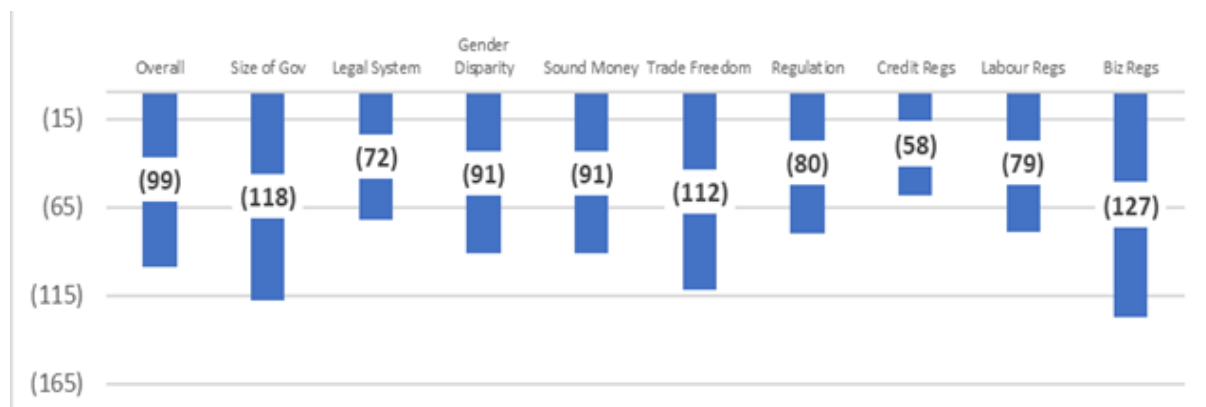
<sup>1</sup> This uses the Gender Adjusted Index but similar results are found with the unadjusted index. See Fike 2017, <https://www.fraserinstitute.org/sites/default/files/economic-freedom-of-the-world-2017.pdf>

## 4.0 STUDY FINDINGS

### 4.1 Introduction

This section presents findings from the analysis that was based on key objectives of this study considering five dimensions of economic freedom. However, this study concentrated on four dimensions, namely; Legal System and Property Rights, Sound Money, Freedom to Trade Internationally, and Regulation. The findings in figure 1 below provides broad information on how Tanzania is doing in each area of economic freedom, and thus the beginning of a report card to policy-makers on where improvements are needed and what those improvements are. Unfortunately, economic freedom in Tanzania, despite improvements, remains low globally, 99<sup>th</sup> out of 165 jurisdictions. See Figure 8. The index ranks Tanzania much lower in some areas including freedom to trade, 112<sup>th</sup>, and business regulations, 127<sup>th</sup>.

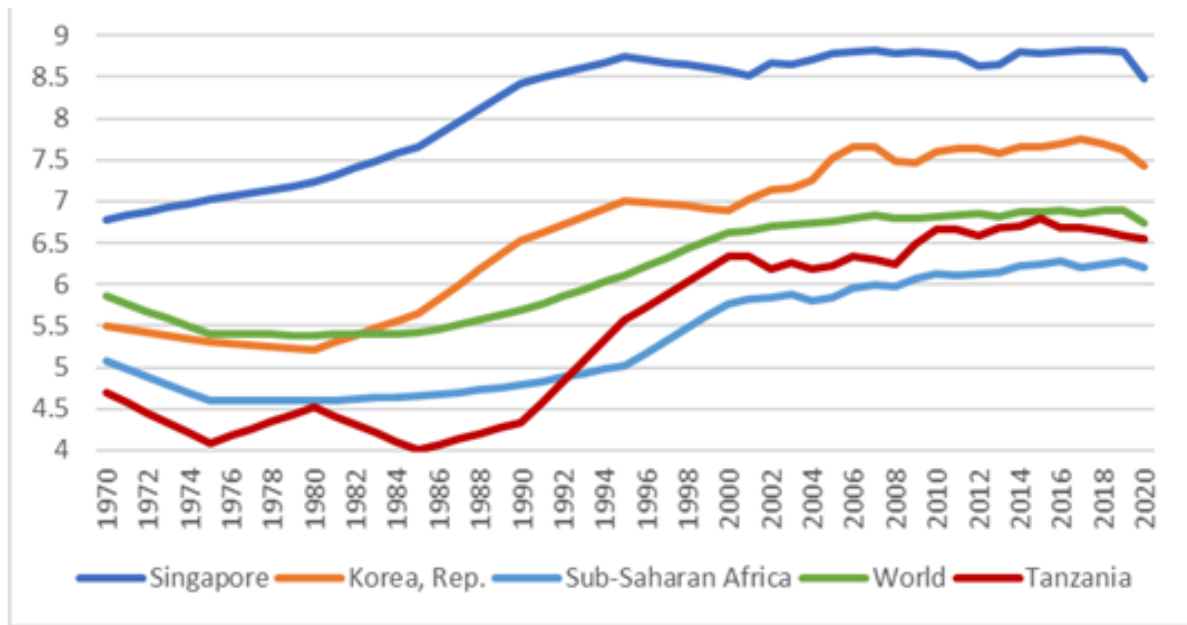
**Figure 8:** Tanzania's Economic Freedom Ranks



**Source:** Fraser Institute (2022) report

Figure 9 compares Tanzania's level of economic freedom with other nations and regional averages. It remains below the world average and well below nations with high levels of economic freedom, such as South Korea and Singapore.

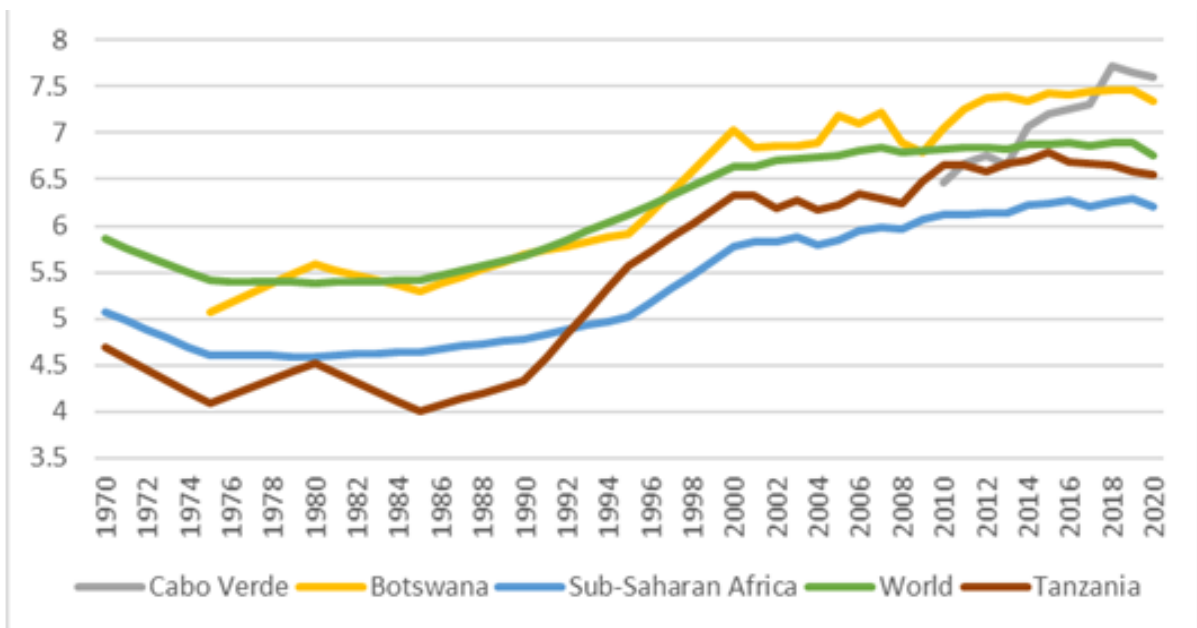
**Figure 9:** Economic Freedom over Time



Source: Fraser Institute (2022) report

Figure 10 focuses on Africa. Tanzania remains far behind Botswana, the star performer over the years in economic freedom in sub-Saharan Africa. Tanzania has also been surpassed by Cape Verde.

**Figure 10:** Economic Freedom Focus on Africa



Source: Fraser Institute (2022) report

## 4.2 Tanzania 2021 “Economic Freedom Index” for Legal System and Property Rights

This section contains detailed auditing and analysis of the main indices of the economic freedom index based on the Fraser Institute report taking key references of Tanzania 2021 economic freedom index relating to the Legal System and Property Rights and its sub-indices. In the crucial area of the legal system and property rights; the index ranks Tanzania 72<sup>nd</sup>. This area must be improved if Tanzania is to create opportunity and a prosperous future for its citizens. A firm and fair-to-all rule of law is the most essential single factor in promoting development. Research has shown that improving the rule of law is one of the greatest challenges that any government can face.

The findings in Table 1 have demonstrated a wide variation in the figure on police reliability. In 2015, the record was 5.45, rising to 5.63 in 2016 and 5.65 in 2017 just to decline to 5.16 in 2018 and 2019. This variation can be explained by some dynamics on several reforms that have been taking place within the Ministry of Home Affairs where the Police Force is accountable to the global challenges associated with the insurgence in the neighbouring Countries, for example in the DRC Congo and Mozambique. Internally, there was some instability in Zanzibar that resulted to electoral body in Zanzibar nullifying election results, where the repeat election was boycotted by Civic United Front (CUF). The decline in 2019 may have been exacerbated by the events of Local Government Elections in 2019.

**Table 1: The Legal Structure and Property Rights in Tanzania**

|   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|------|
| Legal System & Property Rights                    | 5.53 | 5.56 | 5.57 | 5.31 | 5.3  | 5.39 |
| Judicial independence                             | 5.72 | 5.68 | 5.55 | 5.29 | 5.4  | 5.64 |
| Criminal Justice and Impartial courts             | 4.59 | 4.73 | 4.8  | 4.68 | 4.67 | 4.46 |
| Protection of property rights                     | 4.93 | 5.06 | 5.09 | 4.83 | 4.83 | 4.83 |
| Military interference in rule of law and politics | 6.67 | 6.67 | 6.67 | 5.8  | 5.83 | 5.83 |
| Integrity of the legal system                     | 6.67 | 6.8  | 6.83 | 6.64 | 6.42 | 7.14 |
| Legal enforcement of contracts                    | 5.71 | 5.71 | 5.71 | 5.71 | 5.71 | 5.71 |
| Regulatory restrictions on sale of real property  | 7.29 | 7.02 | 7.02 | 7.02 | 7.02 | 7.02 |

|                                |      |      |      |      |      |      |
|--------------------------------|------|------|------|------|------|------|
| Reliability of police          | 5.45 | 5.63 | 5.65 | 5.16 | 5.16 | 5.16 |
| Gender legal rights adjustment | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |

**Source:** Fraser Institute report (2022)

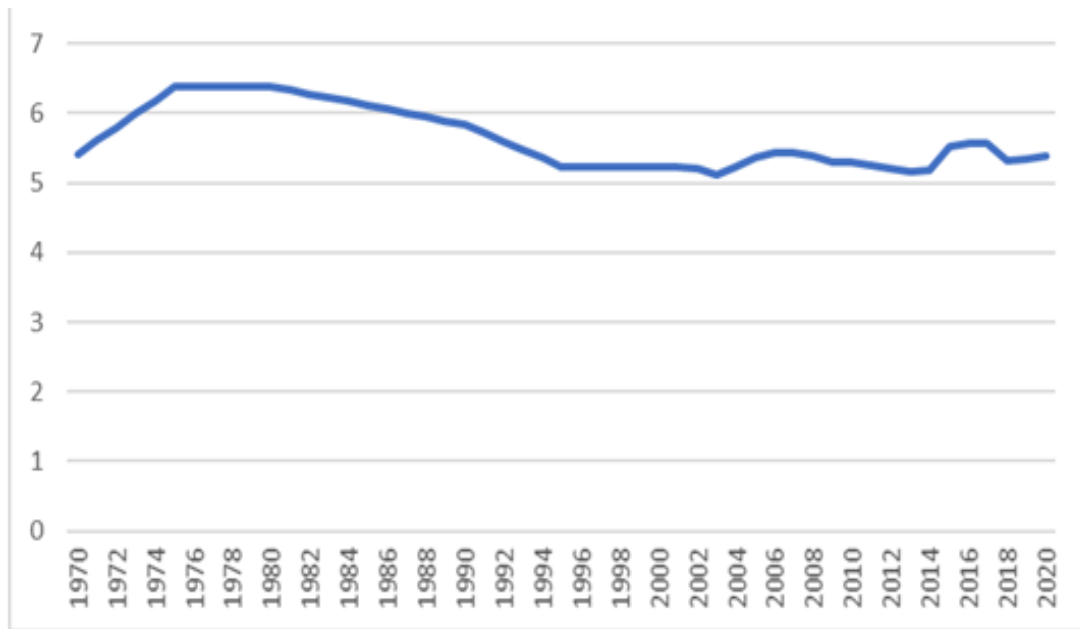
As regards military interference in rule of law and politics in the recent past, Tanzania has not experienced a situation of military interference in rule of law and politics. The figure was the same in 2015, 2016 and 2017 at 6.67.

As revealed in Table 1, Tanzania performance on the legal system and property rights remained relatively the same with the highest being in 2017 at 5.57 and the lowest being 5.3 in 2019, the variation was 0.27. The judicial independence was 5.29 and 5.4 in 2018 and 2019 respectively. The ineffective criminal prosecution, characterized by lack of independence or capacity, is unable to effectively investigate and prosecute cases of corruption, thus undermining the overall effectiveness of the State's anti-corruption efforts. Moreover, a judicial system which operates without regard to professional ethics standards is not able to build and retain public trust in the fairness and objectivity of its decisions and outcomes. Such a system also remains vulnerable to undue influence from outside structures or individuals.

#### **4.2.1 Legal System and Property Rights**

The integrity, independence and impartiality are key prerequisites for establishing an effective and functional judiciary and judicial system for the peaceful resolution of legal disputes. The establishment of an independent and effective justice system that safeguards human rights facilitates access to all and provides transparent and objective recourse is a core value held all over the world.

**Figure 11:** Legal System and Property Rights



**Source:** Fraser Institute report (2022)

According to Fraser Institute report (2021) as presented in Figure 11, there was a general decline for Tanzania in the legal system and property rights. The performance increased in 2015 from 5.53 to 5.57 in 2017. There was a decline in the performance of legal system and property rights from 5.57 recorded in 2017 to 5.3 observed in 2019. The decline was partly attributed to the amendments of miscellaneous law No.1 of 2018 sections 45 and 120 of the Land Act, 1999 and introducing new sections 120A, 120B, 120C, 120D and 120E. The introduced restrictions covered the use of funds borrowed by landowners. Prior to these amendments, landowners were allowed to use the proceeds of the loan obtained from financial institutions by mortgaging their land. These amendments introduce some restrictions in that respect.

First, they provide rights for landowners to mortgage their land for the purposes of obtaining loans from banks or financial institutions, both locally and internationally. Secondly, there are restrictions on the use of the obtained loans; the amendments provide that landowners can only use their loans via mortgaged land (i) where the land is already developed, for further developments or any other investment purposes, (ii) where the land is underdeveloped or undeveloped, for the development of part or whole of such mortgaged land. This provision means that borrowing, by using land as a security, should be for the purposes of developing the mortgaged land only. One might say that this restriction is another way of protecting

banks and financial institutions and ensuring that the borrowed money is not invested in other businesses, which might make recoveries difficult for banks that subsequently find themselves with securities which are not liquid enough to absorb the liabilities of the mortgagors. In addition, these provisions intend to give mortgagees the chance to increase the value of their mortgaged property with the requirement that, after having obtained the money from the issuing bank, the mortgagor is required by law to inform the Commissioner for Lands on how the money has been invested to develop the mortgaged land.

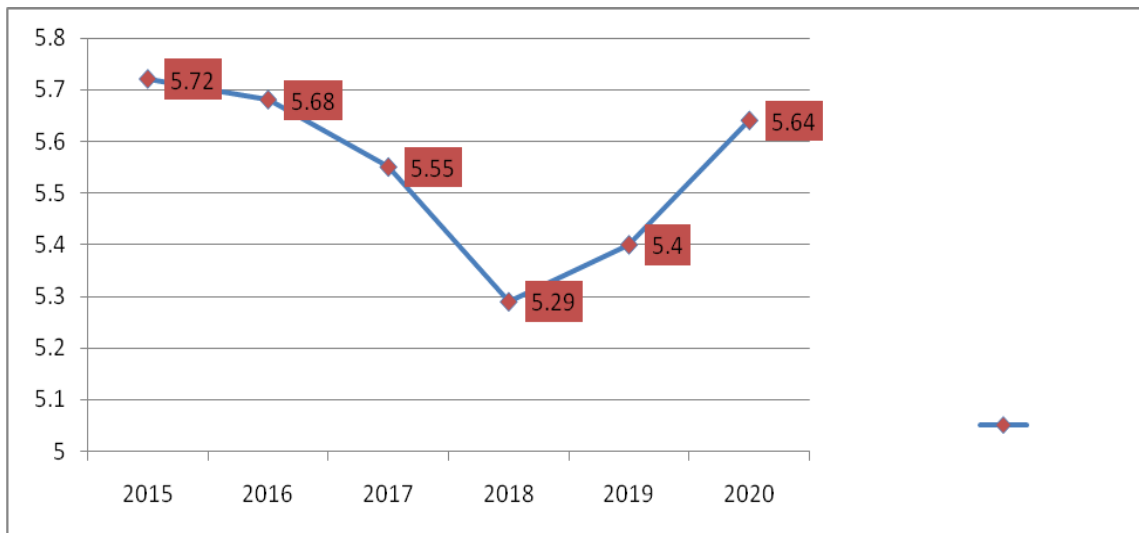
The law under the new section 120B restricts the geographical location of where the money obtained from a mortgage can be utilized, by stating that it should only be invested in Tanzania and requiring mortgagees to submit to the Commissioner for Lands a declaration that the money obtained has, in fact, been invested there. The right of occupancy holders and the investors must adhere to the amendment, as failure to comply will amount to a breach of the conditions of the right of occupancy, which ultimately can lead to its revocation. The amendments further provide that the whole procedure and applicability of the conditions in relation to the mortgage of land under sections 120A and 120B will be the subject of Regulations to be issued later. The amendments introduced aim to reduce the financial risk for banks on defaulted loans by ensuring that loans taken are actually injected into the projects for which they are intended. Although the law has good intentions for the banks, it still does not help to tackle the issues relating to defaulted loans because these are affected by various factors including, but not limited to, economic, market and proper implementation strategies.

#### **4.2.2 Judicial Independence**

The independence of the judiciary in Tanzania is provided for under the Constitution and according to the said provision. It has to be understood that, the judiciary independence is on freedom of the courts in the process of administration of justice, and the courts are obliged only to pay adherence to the provisions of the constitution and the laws of land. This independence of the judiciary secured by the constitution of the United Republic of Tanzania poses a great challenge as to whether it is a reality or a myth due to the nature of the prevailing circumstances in the judicial system in relation to their freedom in the exercise of dispensing justice.



**Figure 12: Judicial Independence**



**Source:** Fraser Institute report (2022)

The finding in Figure 12 show the trends of judicial independence, the analysis demonstrates that, there was remarkable decline of independence in the judicial system from 5.72 observed in 2015 to 5.29 recorded in 2018. This can be explained by a number of factors which undermine the independence of judiciary according to various scholars, including “Chris Maina” are said to be of two categories; internal factors and external factors. However, contrary to aforementioned factors, the record picked up to 5.4 in 2019. The findings are contrasted with those of the counterpart Kenya in the EAC region between the same period whose performance was 2015 (5.37), 2016 (5.48), 2017 (5.59), 2018 (5.24) and 2019 (5.24). This figure demonstrate slight differences in the performance because most of the countries in the EAC region share more less the same socioeconomic dynamics such as rampant corruption, and poor enumeration of the Court officers (Magistrate) which is accompanied by high costs of living.

The internal factors are those issues that undermine the independence of judiciary including: - protection of incompetent judicial personnel by some superior judicial officers in the judiciary or the government (“Godfather” as named by Chris Maina); marginalization of judicial officers through poor or insufficient remunerations and exposing them to economic hardship; and the narrow interpretation of the doctrine of independence of judiciary. To a large extent, this is attributed to the provision of the constitution being too general giving room to multiple interpretations. This situation also creates conditions for bribery.

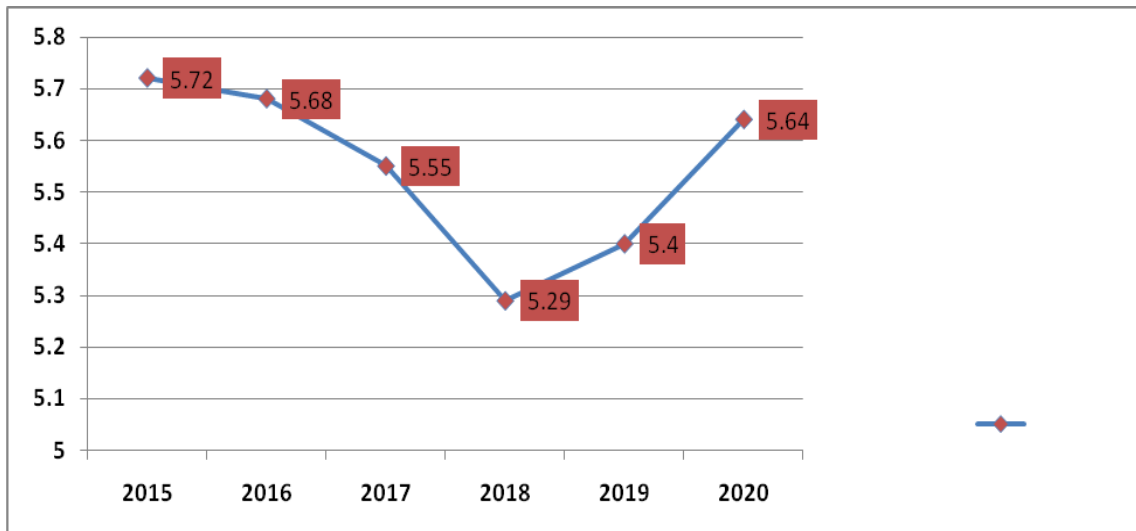
The external factors undermining the independence of the judiciary include - the general trend whereby the Executive branch of the Government became predominant riding roughshod over other branches during the 2016-20 period. The supremacy of the Government (the Executive) wielded power over the Judiciary such that through appointment of the chief justice and judges of high court by the President; appointment of courts assessors in primary courts and high court and the tendency of the Government to induce the courts to rule in their favour without paying regard to the law and rules of natural justice. In addition, under external factors; there is the issue of harassment of the judicial personnel which is mostly done by the Executive arm of the Government as in various cases. During the 2016-20 periods there was progressive decline of respect for the Constitution or law as exhibited by firing senior civil servants in public meetings contrary to public service regulations and the lengthening list of unbearable offences under the notorious Money Laundering Act which covered cases of the Government's political opponents, including Erick Kabendera and Tito Magoti (Shivji, 2021).

### **4.2.3 Integrity of the Legal System**

The term integrity is defined as a holistic concept that refers to the ability of the judicial system or an individual member of the judiciary to resist corruption, while fully respecting the core values of independence, impartiality, personal integrity, propriety, equality, competence and diligence. The corrupt act during one-step of the criminal justice chain can severely harm the whole process or even nullify its essence and erode public trust in law and order. Challenges in claiming rights and enforcing contracts in court proceedings can create an atmosphere of legal uncertainty and ultimately deter business, entrepreneurial spirit and investment. Disrespect for the equal application of the law undermines the legitimacy of public institutions and contributes to impunity.

The findings in Figure 13 of the Fraser Institute report (2021) on the integrity of the legal system indicated a remarkable decline of 0.41 score from 2017 to 2019 on the integrity of the legal system in Tanzania.

**Figure 13: Integrity of the Legal System**



**Source:** Fraser Institute report (2021)

The above findings were attributed to a number of factors such as corruption, where corruption has remained to be a systemic problem, and reform efforts have yielded mixed results. The Prevention and Combating of Corruption Bureau (PCCB) has been accused of focusing on low-level corruption and doing little to address graft committed by senior officials.

Tanzania was the 87<sup>th</sup> out of 180 jurisdictions on Transparency International’s Corruption Perception Index ranks. According to Transparency international, Tanzania has reduced corruption in recent years but it remains a significant brake on growth. The impact of economic freedom on corruption needs emphasizing. Increasing economic freedom in and of itself lessens corruption. Lack of economic freedom is the raw material of corruption. If you need to ask someone’s permission to do something, then there is someone to demand bribes.

In 2020, several scandals emerged in which the apparent perpetrators faced consequences, but which nevertheless reflected negatively on government agencies’ ability to enforce their mandates. In July, nine senior PCCB staff officers were suspended for corruption relating to construction of the agency’s buildings. In December 22 senior officials at the Tanzanian Revenue Authority (TRA) were suspended, to allow the investigation of a major corruption investigation. An audit in 2018 revealed \$640 million in missing revenue from the 2016–17 fiscal years. Additional scrutiny in 2019 uncovered more than \$1 billion is missing or misappropriated funds. Opposition calls to publish the full report from the auditor general and

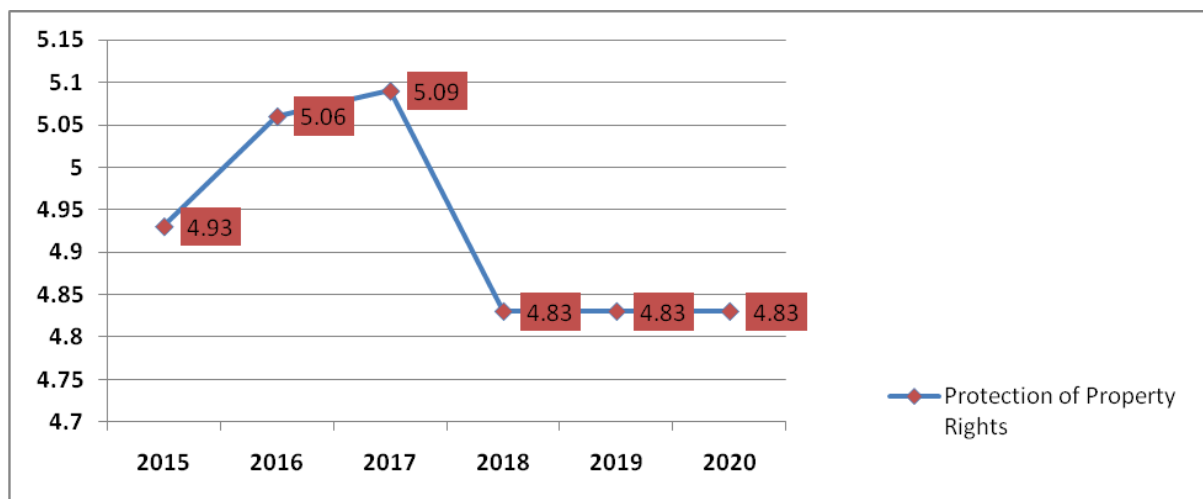
enforce accountability were rejected. The chair of the parliament’s Public Accounts Committee denied any loss or theft.

The finding implies that Tanzania’s Judiciary suffers from underfunding and corruption. Judges are political appointees, and the Judiciary does not have an independent budget, which makes it vulnerable to political pressure. The results of such pressure are particularly evident in cases involving opposition figures and other critics of the Government, as well as the recent flurry of legal changes to suppress free and fair competition and protect the regime from prosecution.

#### 4.2.4 Protection of Property Rights

Right of Property is governed by Article 24 of the Constitution which entails the right to own property lawfully and get protection for that property. The constitution of Tanzania, 1977 states that, “every person in Tanzania is entitled to own property”. A person’s right to own property is governed by the provision of the Land Act and Village Act.1999. Both of these Acts reversed discriminatory customary practices that negatively affected the rights of women to land. These Acts recognise equal entitlement of men and women to own property.

**Figure 14:** Protection of property rights



**Source:** Fraser Institute report (2022)

As demonstrated in the findings on Figure 14, protection of property rights demonstrated a wide variation between 2015 whose figure was 4.93 to an increment of 0.79 in 2017, the figure further deteriorated to 4.83 in 2018 and 2019. There are instances where the Government has used a number of questionable provisions of laws and regulations to

expropriate the resources and land of wealthy opposition politicians, including Freeman Mbowe's holdings in Hai and Dar es Salaam. Even though Tanzanians have the right to establish private businesses, they are often required to pay bribes in the process of accessing licenses and carrying out business operations.

The state owns all land and leases it to individuals and private entities, leading to clashes over land rights between citizens and companies engaged in extractive industries. Protection of property rights of Civil Society Organizations deteriorated as some of them found their bank accounts closed while others were subjected to all kinds of demands from revenue authorities. Even the property of businesses tramped on in the form of what were alleged to be unpaid taxes putting at risk property rights.

#### **4.2.5 Gender Legal Rights Adjustment**

In Gender Disparity, which measures whether women have the same economic freedom as men, Tanzania is ranked 91<sup>st</sup>. This means that half the population faces barriers in trying to build a better future for themselves and the Nation. The Gender Disparity Adjustment is a new measure of the extent to which economic freedom extends to women, whether a Nation's laws treat women equally in economic matters; for example, starting a business, employment, and so on. It is scored from zero to one.<sup>2</sup> While Tanzania's score here, 0.88, may seem superficially alright, it is ranked 91<sup>st</sup> in the world as other nations have moved aggressively to eliminate laws that limit the economic freedom of women. It is important to remove laws which reduce women's freedom. Limiting the economic freedom of women is like trying to drive a motorcycle on one wheel. It severely limits economic dynamism and growth.

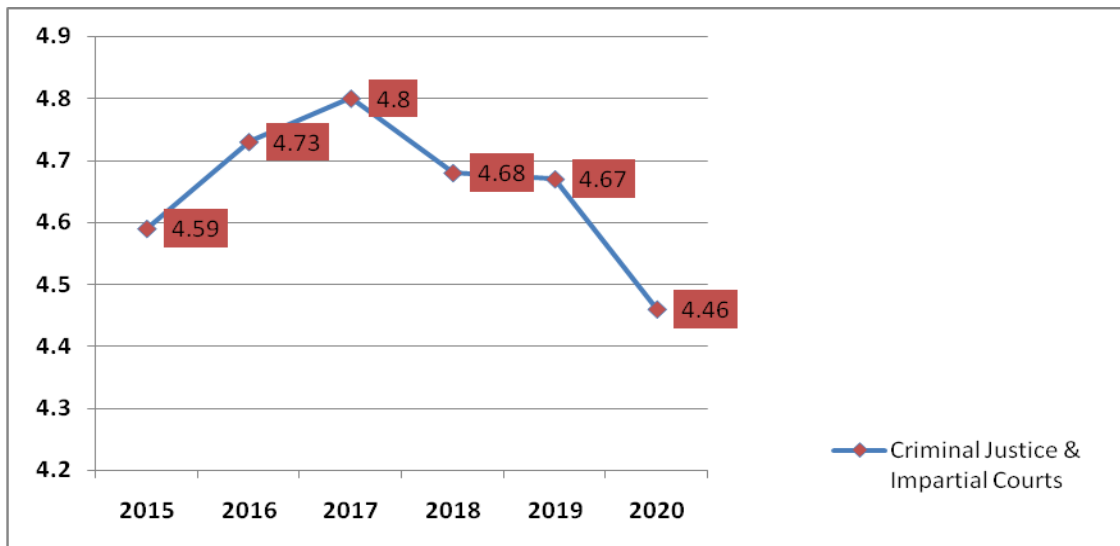
The analysis indicates further that, Tanzania is doing better than Kenya and Uganda whose scores stood at 0.76 in the same period, though country like U.S.A, United Kingdom, and Denmark performed better with 1.0 for the same period. This is partly because a sizeable number of women are unable to realize their right to own land and other property due to lack of awareness of these laws and how to enforce them. The Constitution of the United Republic of Tanzania prohibits all forms of discrimination, and Women rights are constitutionally guaranteed but not uniformly protected. Women face de facto discrimination in employment, including sexual harassment, which is rarely addressed through formal legal channels.

As established by a number of studies, the following are some examples of land/property issues in Tanzania. Most women in Tanzania have access to land through their spouses or male relatives. However, they do not own on their own; unmarried daughters, widows and divorced women are often a subject of stigmatization, discrimination and harassment by their male relatives; and husbands use title deeds to secure loans without consulting, their wives, causing evictions and/or loss of their properties. In matters of inheritance, there has been unequal distribution of wealth between men and women where women are always considered second. As customary marriages are not a subject of registration, women are disadvantaged in that upon divorce or death of their husband they find themselves losing almost everything. Women's socioeconomic disadvantages are more pronounced in rural areas and in the informal economy.

#### **4.2.6 Criminal Justice and Impartial Courts**

The criminal justice system may be efficient without being just as may happen under conditions of undemocratic rule; an unjust economic system characterized by gross inequality and inequity; political interference in judicial decisions; widespread judicial corruption; antiquated laws and procedures; poor training of judges; inadequate resourcing of courts; and unjust police and prosecutorial decisions and practices. The poor remuneration also induces corruption and discourages many competent lawyers with integrity from taking up employment in the judiciary. These inadequacies need to be addressed in order to enhance judicial independence. The lower courts continue to administer customary laws, but they are often restricted to civil matters.

**Figure 15:** Criminal Justice and Impartial Courts



**Source:** Fraser Institute report (2022)

The impartiality of the courts is always associated with the judiciary of the countries, and has their roots from ineffectiveness and lack of appropriate police and prosecutorial practices. The study findings in Figure 15 show that there was a general improvement in the score between from 2015 to 2017 where the performance increased by a margin of 0.21. The index certainly declined by 0.26 between 2017 to 2018. This variation can be explained by uncertainty in the determination of cases; in most instances, the delay in trials and case overload were often the result of police and prosecutorial practices, malpractices and inefficiency, which are compounded by deficits of human resources, competencies and facilities in the Judiciary.

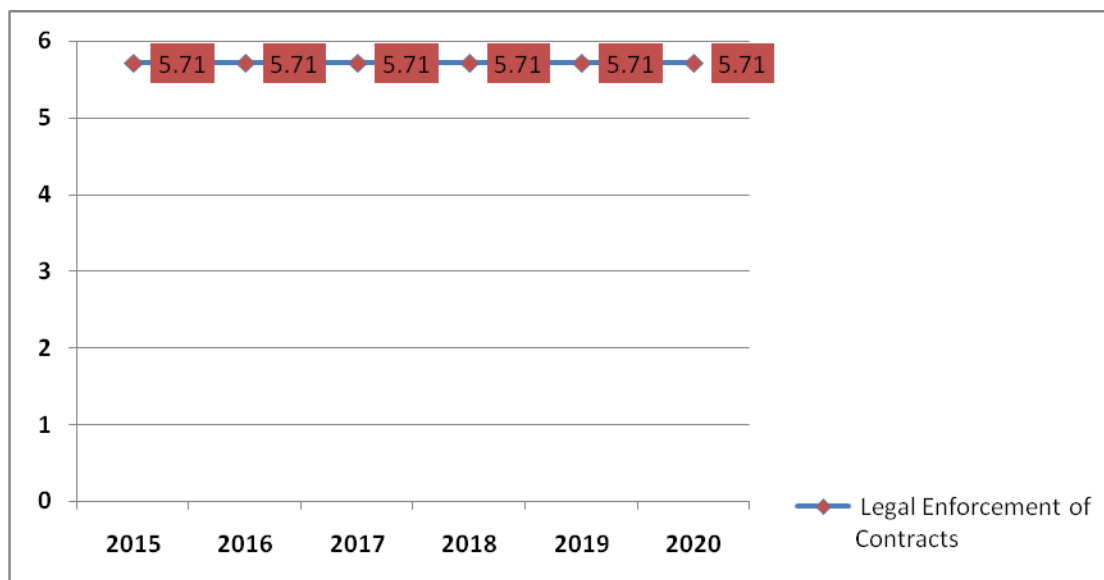
The highly neglected issue in the institutional architecture and policy relating to the Judiciary in Tanzania is that of oversight and accountability. There is a need for a fair and effective framework within the Judiciary that will be responsible for monitoring the conduct and functional performance of judges and take appropriate actions such as incentives and discipline. In this study, we conclude by drawing attention to the fact that judicial independence is a means to an end, namely judicial integrity and impartiality, which are critical and necessary.

#### 4.2.7 Legal Enforcement of Contracts

A contract is enforceable if a court is willing to obligate both parties to carry out the terms of the agreement. The enforcement of contracts and dispute resolution is imperative for proper market functionality. To constitute a contract, there must be an offer from one party followed by acceptance from the other party. The contract enforcement is crucially important for economic development. Exchange is what permits firms and individuals to specialize, and specialization, or the division of labour as Adam Smith termed it in the Wealth of Nations, 1776, is the key to productivity and thus economic growth.

The Courts are the most important public contract enforcement institution. Not only because they are has an avenue of last resorted in the event of a breach of contract but also because the threat of a lawsuit can deter breach. As demonstrated on Figure 16, there has been no variation on the legal entrancement of contracts; the figure remained the same (5.71) in the entire period of 5 years from 2015 to 2019.

**Figure 16:** Legal Enforcement of Contracts



**Source:** Fraser Institute report (2021)

The court procedures should be simplified and the management and processing of cases automated. Although court reform ultimately rests with the Judiciary, the Executive can take the lead by ensuring that its use of the courts is efficient and consistent with the broader public interest. Not all disputes need to go to court for resolution. There are options for arbitration, mediation, conciliation, and other alternatives to the courts.



#### 4.2.8 Comparison of Countries on Rule of Law and Property Rights

Tanzania does poorly in rule of law, 72<sup>nd</sup> in the world. It is well behind all the sample nations, the world average, though somewhat ahead of the East and sub-Sahara African averages, see Table 2. An efficient market economy is not possible without a sound and predictable legal structure that protects property rights and contracting for all, equally and fairly. Improvement in this area is Tanzania's greatest challenge and opportunity. No nation, except perhaps some petro states, has achieved rich nation status without a strong rule of law.

**Table 2:** Comparison of Countries on Rule of Law and Property Rights

| S/No | Countries   | Judicial Independence | Impartial Courts | Protection of Property Rights | Military interference in the Rule of Law and Politics | Integrity of the Legal System | Legal Enforcement of Contracts | Regulatory Restrictions on the Sale of Real Property | Reliability of police | Gender Disparity Adjustment | Legal System & Property Rights |
|------|-------------|-----------------------|------------------|-------------------------------|---|-------------------------------|--------------------------------|--|-----------------------|-----------------------------|--------------------------------|
| 1    | Switzerland | 8.59                  | 8.54             | 9.04                          | 10.00   | 8.83                          | 6.25                           | 9.60   | 9.05                  | 1.00                        | 8.74                           |
| 2    | New Zealand | 8.66                  | 8.48             | 8.09                          | 10.00   | 8.77                          | 7.18                           | 9.90   | 8.68                  | 1.00                        | 8.72                           |
| 3    | Finland     | 8.57                  | 8.67             | 9.34                          | 10.00   | 9.64                          | 6.29                           | 7.52   | 9.54                  | 1.00                        | 8.70                           |
| 4    | Denmark     | 8.55                  | 8.36             | 8.33                          | 10.00   | 9.62                          | 6.57                           | 9.73   | 8.09                  | 1.00                        | 8.66                           |
| 5    | Iceland     | 7.93                  | 8.36             | 8.20                          | 10.00   | 9.05                          | 6.78                           | 8.75   | 9.02                  | 1.00                        | 8.51                           |
| 6    | Netherlands | 8.04                  | 8.23             | 8.48                          | 10.00   | 9.25                          | 6.57                           | 7.95   | 8.32                  | 1.00                        | 8.35                           |
| 7    | Australia   | 8.44                  | 7.57             | 8.45                          | 10.00   | 8.92                          | 6.76                           | 8.14   | 8.42                  | 1.00                        | 8.34                           |
| 8    | Singapore   | 6.40                  | 8.47             | 8.94                          | 8.33  | 8.21                          | 7.83                           | 8.96   | 9.19                  | 1.00                        | 8.29                           |
| 9    | Canada      | 7.67                  | 7.84             | 7.72                          | 10.00   | 8.51                          | 5.82                           | 8.68   | 7.92                  | 1.00                        | 8.02                           |
| 10   | Estonia     | 7.79                  | 7.17             | 7.38                          | 8.33  | 7.73                          | 5.98                           | 9.50   | 8.31                  | 1.00                        | 7.78                           |
| 11   | Top 10      | 8.06                  | 8.17             | 8.40                          | 9.67  | 8.85                          | 6.60                           | 8.87   | 8.65                  | 1.00                        | 8.41                           |
| 12   | World Ave   | 5.54                  | 4.99             | 5.51                          | 6.38  | 5.90                          | 4.36                           | 7.59   | 5.62                  | 0.87                        | 5.36                           |
| 13   | Botswana    | 6.80                  | 6.36             | 6.52                          | 8.33  | 6.68                          | 3.07                           | 7.81   | 6.30                  | 0.88                        | 6.10                           |
| 14   | Cape Verde  | 6.55                  | 5.80             | 5.44                          |   | 7.43                          | 6.06                           | 8.92   | 5.55                  | 1.00                        | 6.54                           |
| 15   | Korea, Rep. | 6.06                  | 6.74             | 6.69                          | 6.67  | 8.04                          | 6.88                           | 8.22   | 7.24                  | 0.88                        | 6.65                           |
| 16   | East Africa | 4.59                  | 4.15             | 4.70                          | 4.38  | 4.79                          | 3.93                           | 7.76   | 5.09                  | 0.86                        | 4.66                           |
| 17   | Sub-Saharan | 4.98                  | 4.11             | 4.54                          | 4.60  | 5.14                          | 3.54                           | 6.78   | 4.89                  | 0.79                        | 4.37                           |
| 18   | Tanzania    | 5.64                  | 4.46             | 4.83                          | 5.83  | 7.14                          | 5.71                           | 7.02   | 5.16                  | 0.88                        | 5.39                           |

Source: Fraser Institute (2022) report

Tanzania scores poorly in almost all key areas of the rule of law: Judicial independence, impartial courts, and protection of private property, military interference, and integrity in the legal system, enforcement of contracts, and reliability of the police. People, particularly the poor and disenfranchised, cannot have their rights and freedoms protected by law if a legal system lacks independence, impartiality, and integrity and private property is not protected. Potential military interference can also destabilize the legal system.

The contract enforcement is crucial, the weak contract enforcement discourages people and businesses from entering into freely agreed contracts, since it leaves the parties, uncertain whether the contracts will be fairly enforced and disputes properly handled by the legal system. Such uncertainty reduces the space for freely made agreements. Lack of police reliability and the high cost of crime add huge expenses to business, increase risk, and at worst expose business people to violence and destruction. All these open the door to corruption and favouritism towards the rich and powerful since legal safeguards are weak. Although Tanzania has improved slightly in recent years, the legal system suffered serious deterioration into the 2000s. Just regaining lost ground would be a good step forward but further progress would be necessary to lift Tanzania into full prosperity.

### **4.3 Access to Sound Money**

In Sound Money, Tanzania is ranked 91<sup>st</sup>, the Nation had experienced high inflation and monetary instability in the past and was still experiencing double-digit inflation as recently as the 2010s. Tanzania has improved its performance in recent years but inflation remains relatively high through, creating the threat of much higher inflation as the globe faces an inflation crisis. The inflation or instability in the money supply can undermine gains from trade. In this indicator, the following key indices will be determined; money growth; standard deviation of inflation; inflation (most recent year); and the freedom to own foreign currency bank accounts. Nevertheless, the findings in Table 3 show that, sound money remained relatively the same with the highest figure being 8.24 in 2018 and lowest being 8.06 in 2015.

**Table 3:** Access to Sound Money

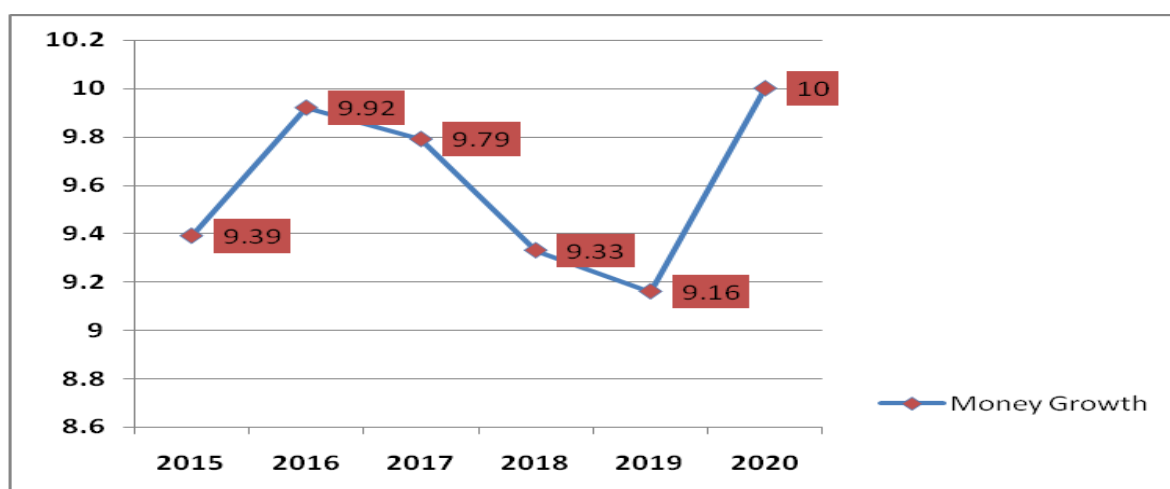
|   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|------|
| Sound Money                                   | 8.06 | 8.22 | 8.23 | 8.24 | 8.20 | 8.34 |
| Money growth                                  | 9.39 | 9.92 | 9.79 | 9.33 | 9.16 | 10   |
| Standard deviation of inflation               | 8.97 | 9.00 | 9.21 | 9.34 | 9.34 | 9.03 |
| Inflation                                     | 8.88 | 8.97 | 8.94 | 9.30 | 9.31 | 9.34 |
| Freedom to own foreign currency bank accounts | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

**Source:** Fraser Institute report (2022)

### 4.3.1 Money Growth

The monetary growth is an increase in the amount of money in an economy: Fuelled by high exports, monetary growth has been high in the last two years. An increase in the supply of money works both through lowering interest rates, which spurs investment, and through putting more money in the hands of consumers, making them feel wealthier, and thus stimulating spending. As observed from Fraser Institute report (2021) in Figure 17, there was variation on the money growth between 2015 (9.39), 9.92 in 2016 to 9.16 in 2019, the changes can be explained partly due to alternation on financial regulation on handling cash transaction and transfer.

**Figure 17:** Money Growth



**Source:** Fraser Institute report (2022)

In most cases, business firms respond to increased sales by ordering more raw materials and increasing production. An increase in the supply of money typically lowers interest rates,

which in turn, generates more investment and puts more money in the hands of consumers, thereby stimulating spending. The businesses respond by ordering more raw materials and increasing production. The increased business activity raises the demand for labour. The opposite can occur if the money supply falls or when its growth rate declines. The decline in money growth as shown in figure 5 was due to a general shrink of global economy which consequently led money supply which was attributed by the impact of Covid-19. Such money was accompanied by restrictions on international trade.

According to World Bank (2021), collection of development indicators compiled from officially recognized sources, the money growth (annual %) in Tanzania was reported at 5.6773% in 2020. Domestic credit extended to the private sector and Central Government by the banking system grew by 14.9% in the year ending December 2021, compared with 10.8% a year earlier. The credit extended to the private sector rebounded to pre-pandemic levels, recording an annual growth of 10% in December 2021 compared with 7.8% in the preceding month and 3.1% in December 2020. The recovery of private sector credit was largely attributed to sustained accommodative monetary policy and improving business conditions from adverse affected of COVID-19 pandemic. Much of the credit to the private sector was directed to trade, personal activities mainly small and medium undertakings, manufacturing and mining activities. Personal related activities, trade, manufacturing and agriculture remained the major beneficiaries in terms of share of credit extended by banks to the private sector.

According to Monetary Policy Statement (2020/2021) by Governor of Bank of Tanzania, the level of liquidity in the economy was kept adequate within the desired parameters through 2019/20, in the wake of implementation of accommodative monetary policy. Accordingly, the growth of all measures of money supply remained broadly in line with targets for 2019/20. On average, extended broad money supply (M3) grew by 9.9 per cent during July 2019 to April 2020, compared with the target of 10.0 per cent, and was higher than 4.9 per cent recorded in the corresponding period in 2018/19. Broad money (M2) grew by 11.4 per cent compared with 5.2 per cent in 2018/19, while average reserve money grew by 7.0 per cent compared to a contraction of 0.4 per cent.

The growth of credit to the private sector was strong at an average of 8.7 per cent compared with 6.5 per cent. Much of the share of credit to the private sector was in personal economic

activities, trade, manufacturing and agriculture. In 2020/21, growth of credit to the private sector is projected to remain high, at around 11.6 per cent. The projection takes into account the accommodative monetary policy and fiscal policy measures implemented to cushion the financial sector and economy from the impact of COVID-19, and normalization of activities that were affected by the pandemic, such as resumption of tourism, sports and entertainment and education.

The Government budgetary operations on cash basis were on track during July 2019 to April 2020, despite facing some challenges caused by the outbreak of COVID-19 on supply and demand chains. Government domestic revenue amounted to TZS 16,238.0 billion, which was 95.5 per cent of the estimates, and 10.5 per cent higher than the outturn in the corresponding period of 2018/19. The good performance was mainly because of strengthened tax administration. Expenditure on cash basis amounted to TZS 18,281.1 billion, of which TZS 5,284.9 billion was for development projects. In response to economic challenges attributable to the pandemic, the Government, among others, increased spending on health and social protection needs, waived VAT and customs duties on medical equipment supplies, and prioritized the settlement of arrears to the business sector (National Bureau of Statistics and Bank of Tanzania, 2021)

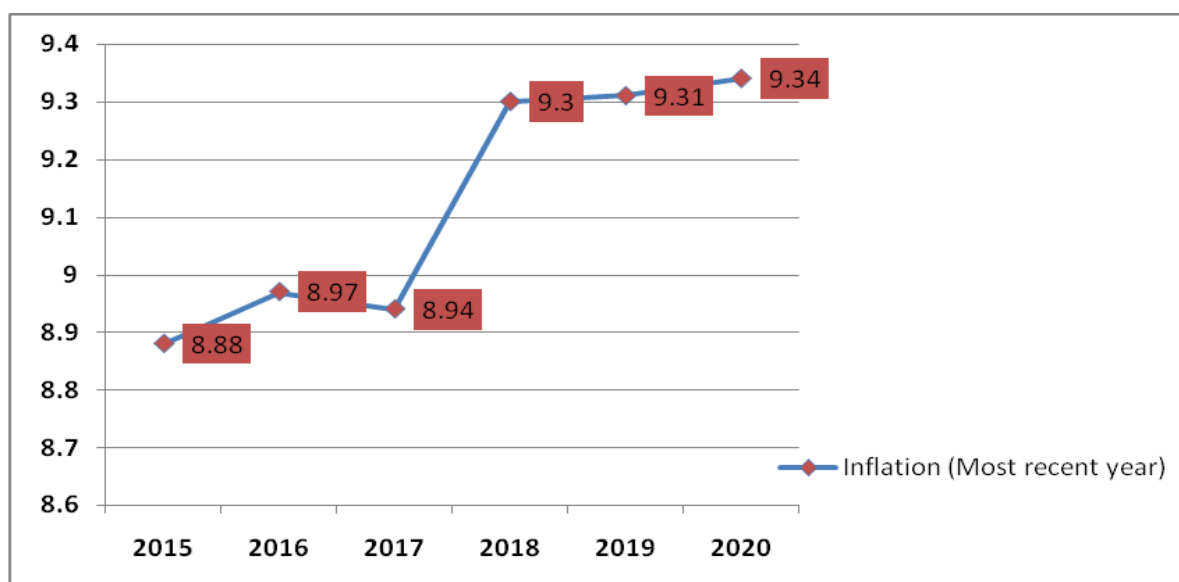
The public debt, external and domestic, remained at sustainable level, at USD 24,179.5 million at the end of April 2020, up from USD 23,215.4 million at end June 2019. External debt accounted for 73.2 per cent of public debt. The balance of payments recorded a surplus of USD 897.1 million during July 2019 to April 2020 compared to a deficit of USD 1,082.3 million in the corresponding period of 2018/19, owing to narrowing of deficit in the current account.

The improvement in current account balance was largely explained by increase in exports, particularly gold and cashew nuts. Foreign exchange reserves remained adequate, amounting to USD 5,334.3 million at the end of April 2020 from USD 4,432.6 million in June 2019. The reserves were sufficient to cover about 6.1 months of projected imports of goods and services, against the benchmark of at least 4.0 months. In 2020/21, export earnings from tourism are projected to decline, largely due to COVID-19-induced impact. World oil prices are projected to remain low, while gold prices are projected to remain high

### 4.3.2 Inflation

In Tanzania, the National Consumer Price Index (NCPI) measures the change over time in the cost of a fixed basket of goods and services that are purchased by a representative sample of households. The index weights are based on expenditures of both urban and rural households in the 25 geographic regions. The findings deducted from Fraser Institute report (2021) as indicated in Figure 18 regarding the inflation (in the most recent year), the findings show relatively variation on inflation figure as indicated in each of the respective year in 2015 (8.88), 2016 (8.97), 2017 (8.94), 2018 (9.3) and 2019 (9.31). It can be interpreted that, the figure for inflation remained almost controlled between 2015 and 2017. The rate of inflation was a bit high in 2018 due to raised food prices brought about by scarce production of food crops, while it was also high in 2019 partly due to effects of Covid-19 global pandemic which has effects on global trade.

**Figure 18:** Inflation Rates



**Source:** Fraser Institute report (2022)

According to Tanzania bureau of statistics (2021) report, the annual inflation as of June 2022 stood at 4.4 per cent. Inflation was low and stable throughout July 2019 to April 2020, driven by adequate food supply in most parts of the country, prudent monetary and fiscal policies, low oil prices and adequate power supply. Twelve months consumer price index (CPI) headline inflation averaged 3.6 per cent during July 2019 to April 2020, compared with 3.2 per cent in the corresponding period of 2018/19. The lowest inflation rate was 3.3 per cent in

April 2020, while the highest was 3.8 per cent in November and December 2019. Food inflation averaged 5.0 per cent compared with 1.2 per cent in the corresponding period of 2018/19. Non-food inflation eased to an average of 2.8 per cent from 5.1 per cent (National Bureau of Statistics and Bank of Tanzania, 2021).

The core inflation, inflation that excludes food and energy inflation, was also low and stable, averaging 2.4 per cent compared with 2.7 per cent. Headline inflation was below the country target of 5.0 per cent, and within EAC and SADC benchmarks of not more than 8.0 per cent and 3.0 - 7.0 per cent respectively. Inflation is projected to remain below the medium-term target of 5.0 per cent in 2020/21, supported by adequate food supply, subdued demand pressure for goods and services, low world oil prices and stable power supply. Prudent implementation of monetary and fiscal policies will add impetus to factors expected to contribute to low inflation (National Bureau of Statistics and Bank of Tanzania, 2021).

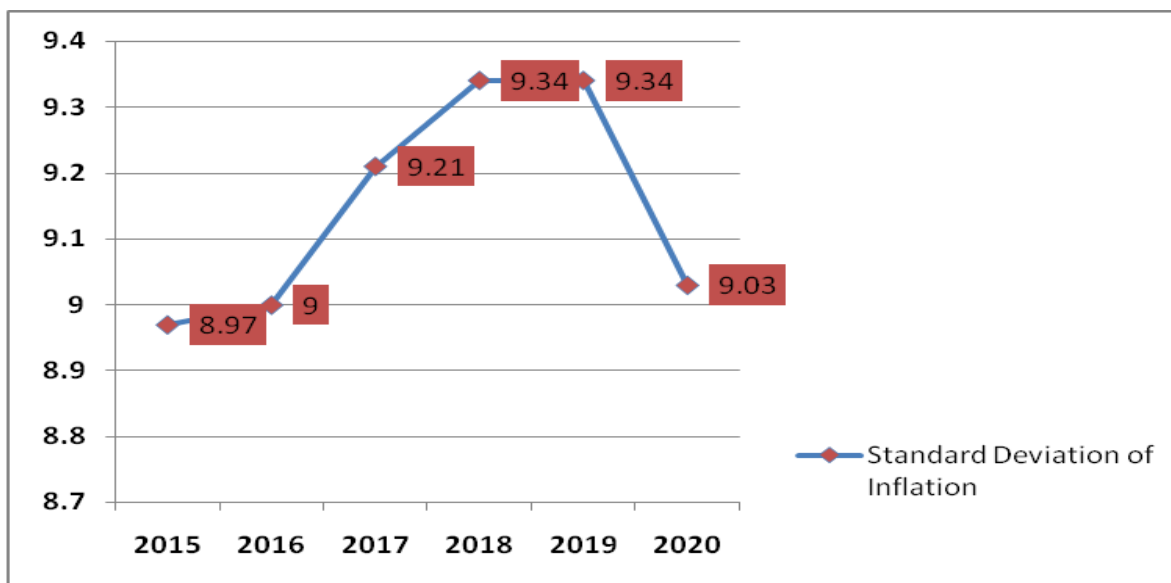
During July 2019 to April 2020, Consumer Price Index (CPI) inflation was subdued in advanced economies, owing to decline in aggregate demand, while it generally increased in emerging markets and developing economies due to increase in food prices. In advanced economies, CPI inflation averaged 1.2 per cent, and emerging markets and developing economies averaged at 4.5 per cent. In East African Community (EAC) countries, inflation averaged 4.2 per cent, up from 1.9 per cent in the corresponding period in 2018/19 largely attributed to higher food prices. However, the rate was below the EAC benchmark of 8.0 per cent. In the Southern African Development Community (SADC), the rate of inflation was high, averaging 39.3 per cent from 9.8 per cent, largely contributed by hyperinflation in some countries, see Table 17. The IMF projects inflation in the advanced economies and emerging markets and developing economies to an average of 0.5 per cent and 4.6 per cent in 2020 respectively due to a decline in energy prices. In sub-Saharan Africa, inflation was projected to rise to 9.3 per cent in 2020 from 8.4 per cent in 2019, mainly associated with expected increase in food costs in some parts of the continent (National Bureau of Statistics and Bank of Tanzania, 2021).

### **4.3.3 Standard Deviation of Inflation**

The measure of variability affecting growth is a key to the research results. Normally, inflation variability is measured by the variance or standard deviation of inflation. However, the variance of inflation is highly correlated to its level, making it difficult to distinguish the

effects on growth of the level of inflation from the effects of the variability of inflation (Khan and Senhadji, 2016). Fraser Institute report (2021) in Figure 19 on standard deviations of inflation demonstrates that, between 2018 and 2019 there was a small changes on the standard deviations of inflation of 0.03.

**Figure 19:** Standard Deviations of Inflation



**Source:** Fraser Institute report (2022)

The annual inflation rate accelerated to 4.4% in June of 2022, the highest since November 2017, from 4% in the prior month. Prices rose at a faster pace mostly for transport (8.9% vs 7.2% in May); food & non-alcoholic beverages (5.9% vs 5.5%) and housing & utilities (4.6% Vs 4.3%). On a monthly basis, consumer prices were up 0.5%, the same pace as in the previous month.

Inflation remained low and below the medium-term target of 5.0 per cent, EAC convergence criteria of not more than 8.0 per cent and SADC benchmarks of between 3.0 and 7.0 per cent. Twelve-month headline inflation averaged 3.6 per cent during July 2019 to April 2020, compared with 3.2 per cent in the corresponding period of 2018/19. The low and stable inflation was mostly because of adequate domestic food supply, prudent monetary and fiscal policies, stability of power supply, and significant decline in oil prices in the world market. Likewise, core inflation was low, averaging at 2.4 per cent compared with 2.7 per cent. Inflation is projected to remain around the medium term target of 5.0 per cent, in the range of 3.0 per cent to 5.0 per cent in 2020/21, supported by adequate domestic food supply, low



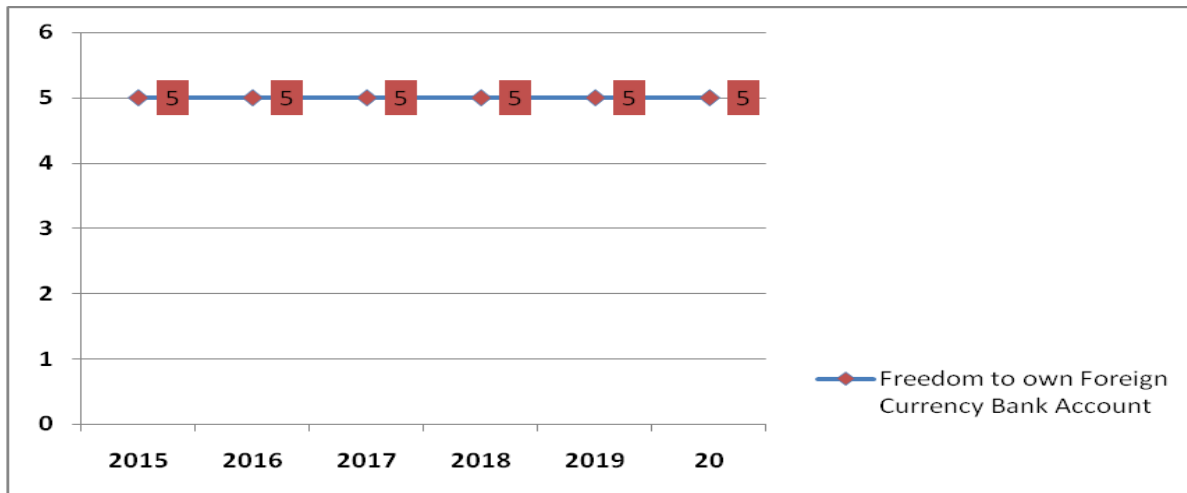
world oil prices, subdued demand, stable power supply and prudent monetary and fiscal policies.

#### **4.3.4 Freedom to Own Foreign Currency Bank Accounts**

The Banking and Finance and Commercial Department of Break through Attorneys highlight the regulation on operation of foreign accounts by Tanzanian residents and the controls by the Bank of Tanzania on the use of foreign currency as well as foreign transactions. Generally, banks and financial institutions in Tanzania are allowed to provide access to foreign currency by residents in respect of all current account transactions and transfers. Clause 2.1 of the Foreign Exchange Circular regulates current account transactions states that; “As a general rule, banks and financial institutions are allowed to provide access to foreign currency facilities to residents in respect of all current account payments and transfers free of any ceilings, the exception being for travel abroad in which case the United States dollars 10,000 ceiling for an individual shall continue to apply”.

In that regard, banks and financial institutions availing residents such foreign currency facilities will be required to observe normal prudent banking practices, and comply with the following general requirements; production of relevant documentary evidence in support of the request made at the time of availing the foreign currency facility by the applicant. Retention of the previously mentioned documents by banks and financial institutions for the purpose of examination by BoT in the exercise of its prudential and regulatory functions is mandatory. Transfer of money is also allowed under the Banking and Financial Institutions Act, 2006. Section 24 (1) (d) of this Act provides for transmission services as one of the services to be rendered by a licensed bank or financial institution. The assessment of findings on Figure 20 show that, the freedom to own foreign currency bank account was reported unchanged (5.00) from 2015 to 2019, this is because there was no alteration in Government regulation in respect of ownership and operating foreign currency bank accounts.

**Figure 20:** Freedom to own Foreign Currency bank Account



**Source:** Fraser Institute report (2022)

The New Foreign Exchange Regulations that was issued by Governor of the Bank of Tanzania (2022) through his power under section 6 of the Foreign Exchange Act came into force on 13 May 2022. Regulation 3(2) of the Regulations provides that residents travelling abroad may be issued with foreign currency by a bank, financial institution or bureau de change of an amount not exceeding USD 10,000. It should be noted that the same limitation is provided for under the Foreign Exchange (Bureau de Change) Regulations, (2015). Further, to the above and prior to issuance of the said amount, a resident will be required to submit documentary evidence of residence and valid travelling documents.

The Regulations prohibit residents from opening or maintain a bank account outside Tanzania except where there is a settlement of security in the prescribed territory (a member country of the East African Community or Southern Africa Development Community countries) or where one obtains an approval from the Governor. The Regulations define resident as a person who resides consecutively or whose centre of predominant economic interest is in the United Republic for twelve months or more. Although these Regulations remain untested, it would seem that an expatriate who is working in Tanzania for more than twelve months might not be able to operate a foreign bank account in their country of residence without permission of the Governor.

The Regulations oblige an exporter to make sale of foreign currency through a bank where the exporter maintains an account relationship. Further, a bank is prohibited from buying

foreign currency from an exporter with whom it has no account relationship and imposes a mandatory requirement of payment by non-residents to residents to be done through banks only. Moreover, regulation 11 imposes a restriction on offsetting of financial claims. It provides that where an export transaction is between affiliate companies, the exporter be required to ensure that there is no offsetting of financial claims. Although the Regulations require an importer to make payments for imports of goods and services through a bank, regulation 13(2) allows an importer to use other means of payment where the value of import consignment does not exceed USD 10,000.

The Regulations also demand a bank to be provided with audited financial statements or dividends payment notice and proof of payment of all relevant taxes prior to making remittances outside Tanzania in respect of dividends or profit to foreign shareholders. Further, the Regulations prohibit non-residents to purchase, sell or transfer Government securities unless is of a prescribed territory or a Tanzanian citizen in the diaspora. In regard to foreign borrowing, the Regulations cement the requirement that is provided for under the Foreign Exchange Circular, No. 6000/DEN/EX.REG/58 of September 1998, to register foreign loans that exceed tenure of 365 days and be assigned Debt Registration Number.

Upon receipt of foreign loans/proceeds and if banks fail to submit the required documents for registration with the Bank of Tanzania within 14 days, the Regulations impose a penalty on the bank of TZS 1M for each day that the loan remains unregistered. Equally, the same penalty will be imposed on the borrower if the borrower fails to submit relevant documents to the bank or the lender pays the loan proceeds directly to the supplier without involvement of the bank registered in Tanzania and the loan remains unregistered for more than 14 days. It is also important to note that the Regulations prohibit banks to register foreign loans which contain unfavourable terms and conditions such as agreements that contain conditions precedents which require borrowers to open a foreign currency account outside Tanzania.

#### **4.3.5 Comparison of Tanzania with selected Countries on Sound Money**

Tanzania is ranked 91<sup>st</sup> in the world. The Country has experienced monetary instability in the past with high inflation. Sound money is necessary for growth. Both Government and business companies need a stable currency medium of exchange to prosper and function efficiently. However, the Government still has restrictions on holding foreign currency and this can make life difficult for Tanzanian businesses with an international profile exactly the

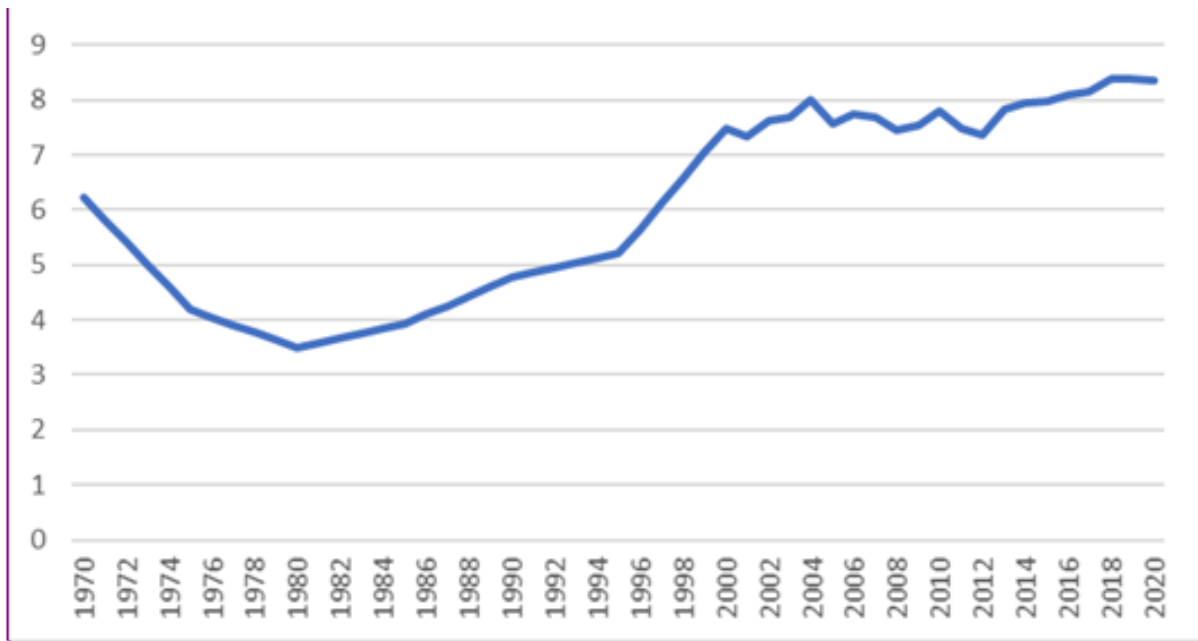
type of business Tanzania needs to boost productivity and create prosperity. Inflation erodes the value of rightfully earned wages and savings. Sound money is thus essential to protect property rights. When inflation is not only high but also volatile, it becomes difficult for individuals to plan for the future and thus effectively utilize economic freedom. As well, an essential part of sound money is the ability of individuals to buy and own other currencies.

**Table 4:** Comparison of Tanzania with selected Countries on Sound Money

| S/N | Countries      | Money Growth | S/D of Inflation | Inflation (most recent years ) | Freedom to own foreign currency bank Account | Sound Money |
|-----|----------------|--------------|------------------|--------------------------------|--|-------------|
| 1   | Japan          | 9.48         | 9.82             | 10.00                          | 10.00  | 9.82        |
| 2   | Albania        | 9.78         | 9.69             | 9.68                           | 10.00  | 9.79        |
| 3   | Costa Rica     | 9.49         | 9.64             | 9.86                           | 10.00  | 9.75        |
| 4   | Cape Verde     | 9.40         | 9.59             | 9.88                           | 10.00  | 9.72        |
| 5   | Denmark        | 9.26         | 9.61             | 9.92                           | 10.00  | 9.70        |
| 6   | Hong Kong      | 9.12         | 9.54             | 9.95                           | 10.00  | 9.65        |
| 7   | United States  | 8.96         | 9.79             | 9.75                           | 10.00  | 9.63        |
| 8   | Singapore      | 9.28         | 9.24             | 9.96                           | 10.00  | 9.62        |
| 9   | United Kingdom | 9.21         | 9.40             | 9.80                           | 10.00  | 9.60        |
| 10  | Top 10         | 9.37         | 9.61             | 9.86                           | 10.00  | 9.71        |
| 11  | World Ave      | 8.41         | 8.50             | 8.87                           | 7.18   | 8.24        |
| 12  | Botswana       | 9.39         | 8.21             | 9.62                           | 10.00  | 9.31        |
| 13  | Korea, Rep.    | 9.24         | 9.48             | 9.89                           | 10.00  | 9.65        |
| 14  | East Africa    | 8.39         | 7.67             | 8.63                           | 8.33   | 8.26        |
| 15  | Sub-Saharan    | 8.12         | 8.22             | 8.45                           | 4.67   | 7.36        |
| 16  | Tanzania       | 10.00        | 9.03             | 9.34                           | 5.00   | 8.34        |

**Source:** Fraser Institute (2022) report

**Figure 21: Sound Money**



**Source:** Fraser Institute (2022) report

#### 4.4 Freedom to Trade Internationally

The trade is the essence of growth Magai (2018) and vital to economic freedom. This especially applies to international markets due to the increase in specialization in various parts of the world. Trade freedom is a composite measure of the absence of tariff and non-tariff barriers that affect imports and exports of goods and services. The study findings from Fraser Institute report (2021) show that there was minimal variation in freedom to trade internationally, in 2015 it was 5.99, while in 2016 it was 5.89, 2017 (5.96), and on the other hand in 2019 it was 5.97. The findings shows that, there has been minimum variations in the freedom to trade internationally, partly because the regulatory framework governing international trade has remained static between the same between 2016 and 2022

On the other hand, there was some variation on tariff rate. The study findings on Table 5 indicate that in 2015 the score was 7.11, and 6.88 was observed in 2016. The value declined to 6.58 in 2019. Generally, revenue from trade taxes decline steadily from 8.82 in 2015 to 7.34 in 2019. This findings indicate also that, Tanzania regulatory framework did not change much thus leading to poor performance in 2015 (2.98) and 2019(2.91) in the regulatory trade barriers The standard deviation of tariff rates remained relatively the same (5.1) between 2015 to 2017, with only small variation observed in 2018 (5.06) and 2019 (5.02). The Non-tariff trade barrier was unpredictable with the minimal figure recorded in 2016 (4.82), while

in 2019 it was 5.03. The compliance costs of importing and exporting remained unchanged at 0.80. The black market remained the same though out, this was the same with the freedom of foreigners to visit Tanzania.

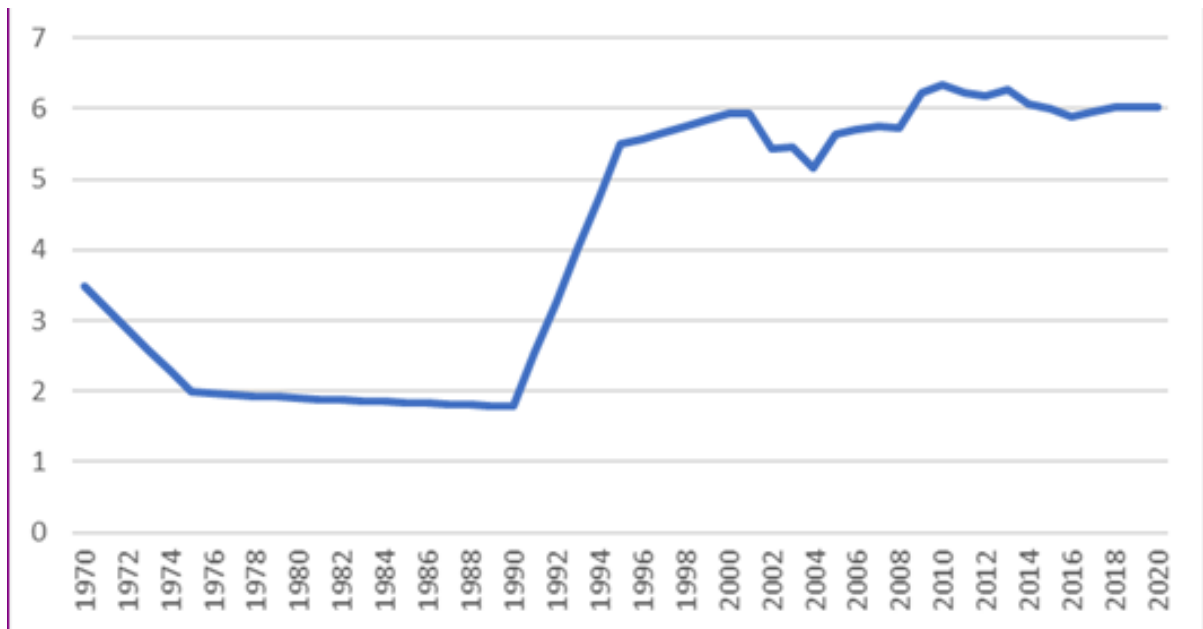
**Table 5:** Freedom to Trade Internationally

|   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|------|
| 4. Freedom to Trade Internationally               | 5.99 | 5.89 | 5.96 | 5.98 | 5.97 | 6.02 |
| A. Tariffs  | 6.88 | 6.62 | 6.62 | 6.6  | 5.58 | 6.78 |
| ▪ Revenue from trade taxes (% of trade sector)    | 8.56 | 8.82 | 8.11 | 7.34 | 7.34 | 7.95 |
| ▪ Mean tariff rate                                | 7.42 | 7.42 | 7.42 | 7.40 | 7.38 | 7.38 |
| ▪ Standard deviation of tariff rates              | 5.19 | 5.10 | 5.10 | 5.06 | 5.02 | 5.02 |
| B. Regulatory trade barriers                      | 2.8  | 2.81 | 2.82 | 2.91 | 2.91 | 2.91 |
| ▪ Non-tariff trade barriers                       | 5.16 | 4.82 | 4.85 | 5.03 | 5.03 | 5.02 |
| ▪ Compliance cost of importing and exporting      | 0.8  | 0.8  | 0.8  | 0.8  | 0.8  | 0.8  |
| C. Black-market exchange rates                    | 10   | 10   | 10   | 10   | 10   | 10   |
| D. Controls of the movement of capital and people | 3.89 | 3.89 | 4.4  | 4.4  | 4.4  | 4.39 |
| ▪ Financial Openness                              | 1.66 | 1.66 | 1.66 | 1.66 | 1.65 | 1.64 |
| ▪ Capital controls                                | 0    | 0    | 1.54 | 1.54 | 1.54 | 1.54 |
| ▪ Freedom of foreigners to visit                  | 10   | 10   | 10   | 10   | 10.0 | 10   |

**Source:** Fraser Institute report (2022)

Tanzania still faces higher logistics costs and more time-consuming trade logistics processes relative to most of its regional neighbours. Logistics refers to the management of firms' supply chain and is a key component in determining their competitiveness. This relates to the efficiency and reliability of transport infrastructure, border agencies, transport regulators, and services providers. For example, in 2016, Tanzania was ranked 180 (out of 189 countries) for ease of trade across borders, owing to long delays and extensive documentation requirements. The Country also remained 80 percentage points away from the frontier (best performance). Thus, encouraging the growth of the private sector requires a more supportive business environment.

**Figure 22:** Freedom to Trade Internationally



**Source:** Fraser Institute report (2022)

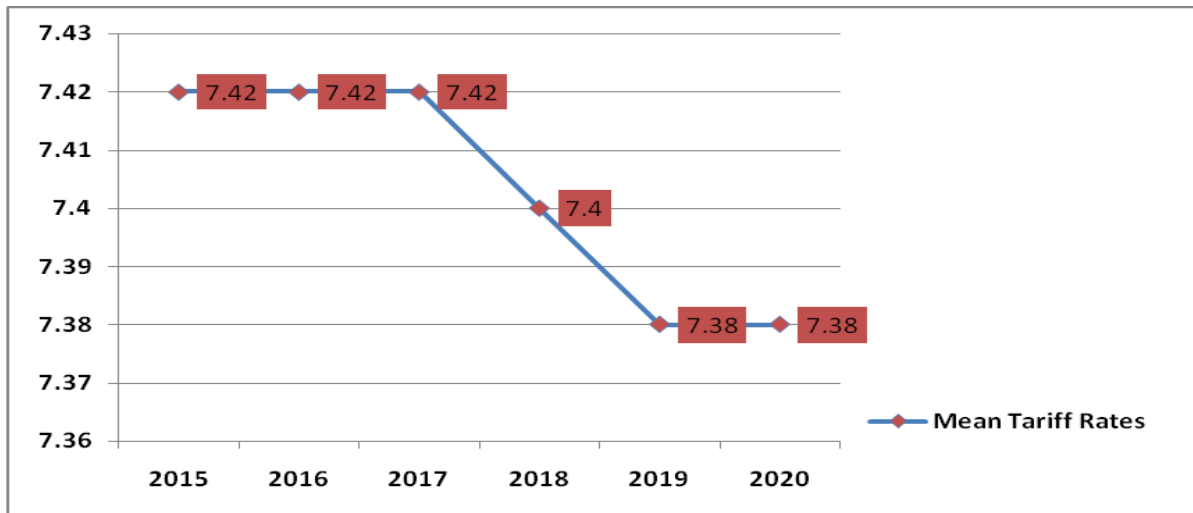
#### 4.4.1 Taxes on International Trade

According to Fraser Institute report (2021), freedom to trade internationally, the findings in Figure 22 show that the performance in 2015 was 5.99, 2016 the record was 5.89, while there was a very small variation 0.01 in between 2017, 2018 and 2019. According to International Monetary Fund, the Taxes on international trade (percentage of revenue) in Tanzania was 6.74 as of 2018, this was slightly high compared with Fraser Institute report (2021) where the record was 5.98.

#### 4.4.2 Mean Tariff Rate

The mean tariff rate is the average of effectively applied rates weighted by the product import shares corresponding to each partner country. According to Fraser Institute report findings in figure12, the mean tariff rates in 2015, 2016, and 2017 stood at 7.42, however, it decline slightly to 7.4 in 2018, and very less by a margin of 7.38 in 2019 as shown in Figure 23.

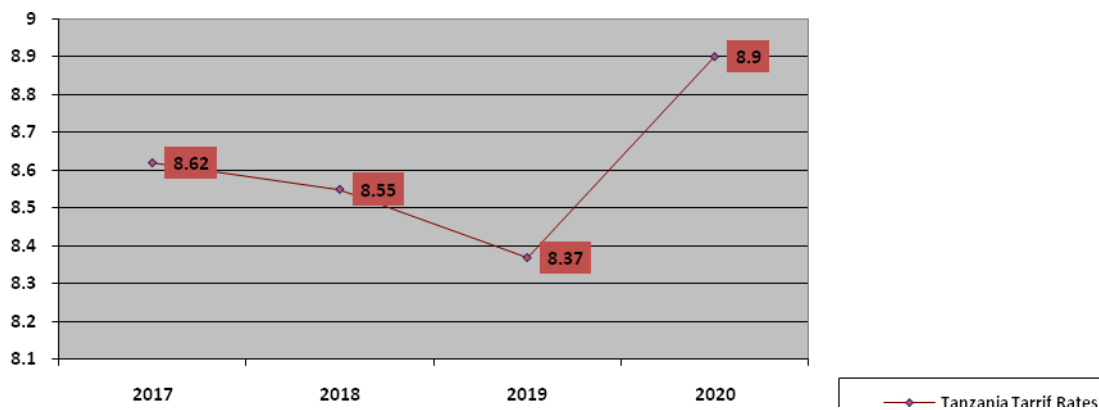
**Figure 23: Mean Tariff Rates**



**Source:** Fraser Institute report (2022)

According to Tanzania Bureau of Statistics the tariff rates was 6.62, 8.55, 8.37 and 8.9 for 2017, 2018, 2019, and 2020 respectively. Within the same years, if you compare with Fraser Institute report (2021) for example in 2017 it was 8.62, on the other hand the TBS (2020) report shows the figure of 8.62.

**Figure 24: Tanzania Tariff rates (2017-2020)**



**Source:** Tanzania Bureau of Statistics (2022)

The effectively applied tariff rates at the six and eight digit product level are averaged for products in each commodity group. According to Tanzania Bureau of Statistics, tariff rates that were recorded between 2015 and 2020 are:-

- 2020 was 8.94% being an increase of 0.57% from 2019



- 2019 was 8.37% being a decline of 0.18% from 2018
- 2018 was 8.55% being a decline of 0.07% from 2016.
- 2017 was 8.62% being an increase of 1.34% from 2015.

#### 4.4.3 Regulation of Trade Barriers

A barrier to trade is a government-imposed restraint on the flow of international goods or services. They are often called “protection” because their stated purpose is to shield or advance industries or segment of an economy. The most common type of regulatory trade barriers are; an embargo, a tariff (a tax on imports), and government subsidy to a particular domestic industry.

The more regulations a country has in place is likely to restrict entry into markets and reduce the freedom to engage in the marketplace, and therefore, reduce economic freedom. These assessments examined the compliance costs of importing and exporting, Non-Tariff Barriers and regulatory trade barriers.

**Table 6:** Regulations of Trade Barriers

| Years  | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|------|------|
| Regulatory Trade Barriers                      | 2.98 | 2.81 | 2.82 | 2.91 | 2.91 | 2.91 |
| Non-Tariff Trade Barriers                      | 5.16 | 4.82 | 4.85 | 5.03 | 5.03 | 5.03 |
| Black-market exchange rates                    | 10   | 10   | 10   | 10   | 10   | 10   |
| Controls of the movement of capital and people | 3.89 | 3.89 | 4.4  | 4.4  | 4.4  | 4.4  |
| Financial Openness                             | 1.66 | 1.66 | 1.66 | 1.66 | 1.65 | 1.65 |
| Capital controls                               | 0    | 0    | 1.54 | 1.54 | 1.54 | 1.54 |
| Freedom of foreigners to visit                 | 10   | 10   | 10   | 10   | 10   | 10   |

**Source:** Fraser Institute report (2022)

The findings in Table 6 show the trends of Tanzania performance in Regulatory trade barriers index from Fraser Institute Report. The reports indicate that, in 2015 the figure was 2.98, but in 2016 the figure record was 2.81, 2017 the score was 2.82, while the figure declined to 2.91 in 2018 and 2019. On the other hand, the Non-Tariff Barriers was 5.16 in 2015; the figure remained the same (5.03) in 2018 and 2019. While, the compliance cost of importing and

exporting was 8.88 in 2015, it increased to 8.97 in 2016 before declined to 9.3. The variation reported in Figure 21 can be accounted by the alteration of global policies and regulation governing international trade. Tanzania being a member of EAC and SADC regional block is exposed to a bid with the regional regulatory framework on imports and export regulation, and on international rule of origin for the imports of goods.

The findings demonstrate that, the Non-tariff barriers imposed at the border and behind the border contribute to Tanzania's high trade costs. These include technical barriers to trade, sanitary and phytosanitary requirements, customs procedures, rules of origin, trade, and transport regulations. Regulations are justified to deliver public policy objectives (health, safety, and security). The problem is not with the principle of regulating that is necessary. However, mandatory regulations should not be extended to address quality issues; these are best addressed through voluntary standards. The high trade costs largely result from the way the regulations are administered. Cumbersome and duplicative procedures, suspicion against private sector traders, the importance of revenue levied at the border, in conjunction with technical and staffing capacity shortages result in high trade costs.

Streamline and reduce the number of institutions involved. The overlap with TMDA formerly known as TFDA has been addressed. Now, TBS has been given the mandate to certify all food and cosmetic products that formerly were certified by both TBS and TFDA. The government's decision to harmonies the roles of TBS and TFDA has a number of benefits to business people, the number of permits dropped from 4 to 1. Today, businesses are not required to apply for product registration certificate; premise registration and business permit from TFDA (i.e. TMDA). The businesses are also not required to pay 1.5% of the FOB value in order to get an import permit from TMDA. The import permit issued by TMDA has been abolished.

Tanzania has taken a number of actions to resolves issue related to Non-Tariff Barriers (NTBs), such as One Stop Centre at the Dar es Salaam port, building of One Stop Border Posts (OSBPs); also introduction of Electronic cargo Trucking System (ETS) to facilitate monitoring of trucks transporting transit cargo. It was resolved to introduce an online system for NTBs reporting and monitoring by Tanzania Chamber of Commerce Industry and Agriculture (TCCIA) through that system NTBs are reported and monitored for elimination purpose, even though the implementation is lagging behind

#### 4.4.4 Comparison of Countries on Freedom to Trade Internationally

Just as individuals and businesses in Tanzania should be able to buy from and sell to whom they wish in their own nation, they should have the globe as their marketplace. Tanzania cannot create prosperity and better lives for its citizens based on the market of 60 million people living in the nation. It needs the nearly eight billion people in the world as its market. Tanzania is ranked 112<sup>th</sup>. Its score is slightly ahead of the East and sub-Sahara averages, but well behind all the successful nations in our sample (See Table 7). Tanzania's score and rank in this area should alarm the public and policy makers alike. The barriers to trade Tanzania has created stifle growth.

**Table 7:** Comparison on selected Countries on Freedom to Trade Internationally

| Countries            | Revenue from trade taxes (% of trade sector | Mean Tariff Rate | Standard deviation of tariff rates | Tariff | Non-Tariff Trade Barriers | Compliance costs of importing and exporting | Regulatory trade barriers | Black market exchange rates | Capital controls | Freedom of foreigners to visit | Controls of the movement of capital and people | Freedom to trade internationally |
|----------------------|---|------------------|------------------------------------|--------|---------------------------|---|---------------------------|-----------------------------|------------------|--------------------------------|--|----------------------------------|
| Hong Kong SAR, China | 10  | 10               | 10                                 | 10     | 8.32                      | 9.67  | 8.99                      | 10                          | 7.69             | 0.11                           | 5.93   | 8.73                             |
| Singapore            | 10  | 10               | 10                                 | 10     | 8.36                      | 9.20  | 8.78                      | 10                          | 6.92             | 0.00                           | 5.64   | 8.61                             |
| Netherlands          | 8.60  | 8.98             | 6.51                               | 8.03   | 7.15                      | 9.98  | 8.56                      | 10                          | 8.46             | 5.00                           | 7.82   | 8.60                             |
| Romania              | 8.60  | 8.98             | 6.51                               | 8.03   | 6.26                      | 9.97  | 8.11                      | 10                          | 8.46             | 5.00                           | 7.82   | 8.49                             |
| Denmark              | 8.60  | 8.98             | 6.51                               | 8.03   | 6.70                      | 9.98  | 8.34                      | 10                          | 6.92             | 5.00                           | 7.31   | 8.42                             |
| Malta                | 8.60  | 8.98             | 6.51                               | 8.03   | 7.05                      | 8.92  | 7.98                      | 10                          | 7.69             | 5.00                           | 7.57   | 8.40                             |
| Latvia               | 8.60  | 8.98             | 6.51                               | 8.03   | 6.76                      | 9.42  | 8.09                      | 10                          | 6.92             | 5.00                           | 7.31   | 8.36                             |
| Estonia              | 8.60  | 8.98             | 6.51                               | 8.03   | 7.02                      | 9.94  | 8.48                      | 10                          | 5.38             | 5.00                           | 6.80   | 8.33                             |
| Lithuania            | 8.60  | 8.98             | 6.51                               | 8.03   | 6.16                      | 9.78  | 7.97                      | 10                          | 6.92             | 5.00                           | 7.31   | 8.33                             |
| Georgia              | 9.89  | 9.72             | 8.71                               | 9.44   | 6.50                      | 9.58  | 8.04                      | 10                          | 6.92             | 0.00                           | 5.64   | 8.28                             |
| Top 10               | 9.01  | 9.26             | 7.43                               | 8.57   | 7.03                      | 9.64  | 8.34                      | 10                          | 7.23             | 3.51                           | 6.92   | 8.45                             |

|             |      |      |      |      |      |      |      |       |      |       |      |      |
|-------------|------|------|------|------|------|------|------|-------|------|-------|------|------|
| World Ave   | 8.31 | 8.16 | 5.89 | 7.41 | 5.66 | 6.54 | 6.10 | 9.46  | 3.59 | 1.46  | 3.49 | 6.62 |
| Botswana    | 3.00 | 8.46 | 5.53 | 5.66 | 5.32 | 9.40 | 7.36 | 10    | 5.38 | 0.00  | 5.13 | 7.04 |
| Cape Verde  | 7.64 | 7.96 | 4.74 | 6.78 | 5.11 | 6.66 | 5.88 | 10    | 9.23 | 0.00  | 6.01 | 7.17 |
| Korea, Rep. | 9.65 | 7.28 | 0.00 | 5.64 | 5.63 | 9.58 | 7.60 | 10    | 6.15 | 0.00  | 5.38 | 7.16 |
| East Africa | 7.99 | 7.45 | 5.36 | 6.93 | 5.22 | 2.96 | 4.09 | 8.62  | 4.10 | 1.67  | 3.47 | 5.78 |
| Sub-Saharan | 7.23 | 7.45 | 5.94 | 6.87 | 5.13 | 4.19 | 4.67 | 9.43  | 3.00 | 0.67  | 2.41 | 5.84 |
| Tanzania    | 7.95 | 7.38 | 5.02 | 6.78 | 5.03 | 0.80 | 2.91 | 10.00 | 1.54 | 10.00 | 4.39 | 6.02 |

Source: Fraser Institute (2022) report

Trade is hobbled by red tape, compliance costs, and regulatory trade barriers. Tanzania scores particularly poorly in compliance costs, less than one out of 10. This means importers and exporters to Tanzania face crippling red tape expenses. This also supports corruption as it gives officials the opportunity to offer favourable treatment in exchange for bribes. Tanzania's low score in regulatory trade barriers shows that high barriers are in place, another opportunity for corruption. Restrictions on foreign capital and investment are a barrier to foreign investment that could build jobs and prosperity. The low score in the standard deviation of tariff indicates that the government is trying to favour some sectors over others, rather than let the innovation and abilities of the firms to shine forth. Unfortunately, after some improvement in Tanzania's trade openness, Tanzania's score has declined in most years since 2010.

#### 4.5 Regulations

The regulatory system primarily aims at supervising and coordinating the economic activities under the free market economy. Specifically, correcting failures of market forces and protecting safety of consumers. In implementing this, the Government has established a number of regulatory authorities. For example, Fair Competition Commission (FCC) is a Public Institution that was established by virtue of Section 62 (1) of the Fair Competition Act, No. 8 of 2003 (FCA) with the aim of promoting and protecting effective competition in trade and commerce and protecting consumers from unfair and misleading market conduct. The ultimate goal is to increase efficiency in the production, distribution and supply of goods and services.

In Tanzania, a number of regulations are controlled by regulatory authorities, some of these include; Tanzania Food and Drugs Authority (TFDA), Weight and Measures Agency (WMA), Government Chemist Regulatory Authority (GCRA), Energy and Water Utilities Regulatory Authority (EWURA), Surface and Marine Transport Regulatory Authority (SUMATRA), Occupational Safety and Health Authority (OSHA) Tanzania Communications Regulatory Authority (TCRA) etc. All these regulatory bodies charge various levies and fees for the development of their operational costs. These levies increase cost of doing business in Tanzania.

**Table 8: Regulations**

|                                     | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------------|------|------|------|------|------|------|
| <b>Regulations</b>                  | 6.32 | 6.62 | 6.27 | 6.68 | 6.71 | 7.03 |
| <b>Credit Market Regulations</b>    | 7.82 | 8.18 | 7.84 | 8.18 | 8.19 | 8.44 |
| Ownership of Banks                  | 8    | 8    | 8    | 8    | 8    | 8.0  |
| Private Sector Credit               | 8.37 | 8.27 | 8.27 | 8.27 | 8.27 | 8.31 |
| Interest Rate Control               | 10   | 10   | 10   | 9    | 9    | 9.0  |
| <b>Labour Market Regulations</b>    | 5.75 | 5.73 | 5.73 | 5.76 | 5.76 | 6.60 |
| Hiring regulations and minimum wage | 5.57 | 5.57 | 5.57 | 5.57 | 5.57 | 5.57 |
| Hiring and firing regulations       | 4.55 | 4.28 | 4.38 | 4.82 | 4.82 | 4.82 |
| Centralized collective bargaining   | 6.38 | 5.96 | 5.85 | 5.95 | 5.95 | 5.95 |
| Hours regulations                   | 10   | 10   | 10   | 10   | 10   | 10   |
| Mandated cost of worker dismissal   | 8.27 | 8.27 | 8.27 | 8.27 | 8.27 | 8.27 |
| Conscription                        | 5    | 5    | 5    | 5    | 5.0  | 5.0  |
| <b>Business Regulations</b>         | 5.65 | 5.93 | 5.22 | 6.09 | 6.20 | 6.04 |
| Administrative burden               | 4.2  | 4.24 | 4.38 | 4.61 | 4.61 | 4.61 |
| Regulatory burden                   | 2.44 | 1.78 | 2.0  | 1.56 | 1.56 | 1.33 |
| Starting a business                 | 8.94 | 8.85 | 8.5  | 8.63 | 8.63 | 8.63 |
| Extra payment/bribes/favouritism    | 5.97 | 5.93 | 5.32 | 6.10 | 6.10 | 6.10 |
| Licensing Restriction               | 7.57 | 7.91 | 7.91 | 7.91 | 7.91 | 7.91 |
| Costs of tax compliance             | 7.81 | 7.68 | 6.10 | 7.68 | 7.68 | 7.68 |

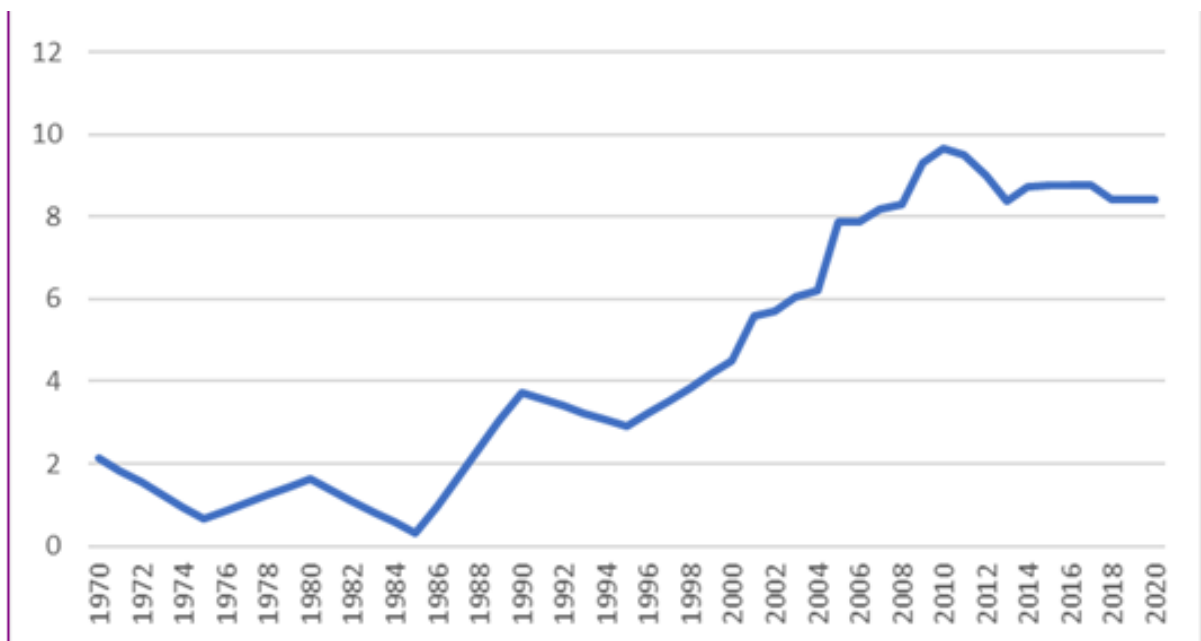
**Source:** Fraser Institute (2022) report

### 4.5.1 Credit Market Regulations

The credit market regulations encompass issues like; ownership of banks, private sector credit, interest rate control (negative real interest rate). In credit regulations, Tanzania is 58<sup>th</sup>. This means that businesspersons and entrepreneurs have unnecessary difficulty in obtaining credit to start or expand a business and create jobs and prosperity. Tanzania was ranked 13th out of 15 countries in Sub Saharan Africa for credit accessibility. As an emerging market, many enterprises in Tanzania have struggled with restricted credit access, and 70 per cent of all Tanzanian SMEs, have no formal credit access at all. In fact, only 15 per cent of the population has formal access to credit through banks.

The lack of credit does not mean that Tanzanians are not borrowing money, as over half of those in the labour market have taken loans at some point. Many Tanzanians use mobile money platforms such as M-Pesa (by Vodacom), Airtel Money (by Airtel) and Tigo Pesa (by Millicom), among other mobile money payment systems offered by mobile network operators (Non-Banking System) while fewer people hold bank accounts with banks operating in Tanzania (Banking System). The number of active registered accounts for mobile money stood at 29.4m at the end of December 2020, compared with 24.4m and 27.2m at the end of December 2019 and June 2020, respectively.

**Figure 25:** Credit Market Regulations



**Source:** Fraser Institute report (2022)

The analysis of performance through Fraser Institute has indicated that, the credit market regulation score in 2017 was 7.84. It increased by 0.32 in 2018 with 8.18, the score was stabilized with same performance in 2019. The score demonstrate that currently. In the wake of the pandemic, BOT continued to take a series of policy measures to bolster the banking sector, including cutting the discount rate from 7.0% to 5.0% and reducing the statutory minimum reserves (SMR) requirement from 7.0% to 6.0% effective from 8th June 2020, to support the increase in market liquidity.

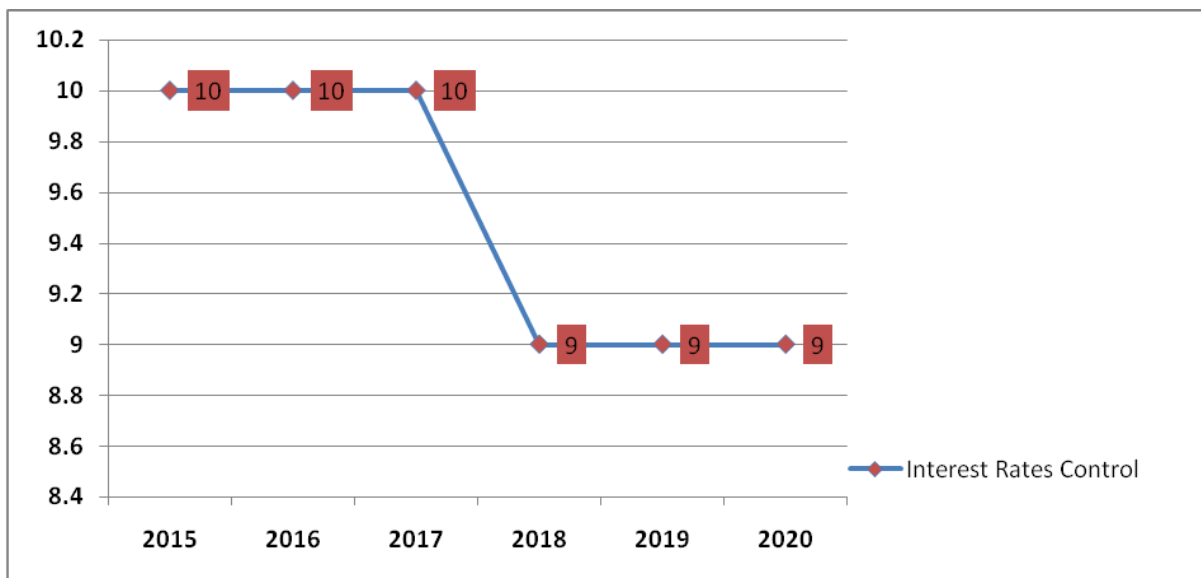
The Central Bank of Tanzania has largely focused on tightening up banking supervision and encouraging industry consolidation to enhance its stability and operating efficiency. Despite a global decline in financial credit and growth in 2020 due COVID-19, Tanzania banking sector remained resilient growing at 4.1% in the year. Digital banking services continue to expand driven by increasing financial inclusion and mobile penetration rate. In May 2020, BOT increased MNOs' daily transaction limit to customers from TZS 3.0 Mil to TZS 5.0 Mil and daily balance from TZS 5.0 Mil to TZS 10.0 Mil to encourage the use of digital payment platforms for transactions. Interoperability in mobile money services has also contributed to the overall growth of total mobile money transactions of 6.9% in transaction value. Nevertheless, as of April 2018, the Tanzanian Government has enacted a new credit plan to improve private lending and reduce the frequency of bad loans. As projected in figure.23 regarding credit market regulations, findings show there has been a decline in the performance of credit market regulation, this was partly attributed by the enactment of microfinance Act by the parliament in 2018. It was revealed in 2017 that almost 48.6% of the population in Tanzania was served by financial NGOs, mobile money, and other micro institutions such as SACCOs, Rotating Credit and Saving Associations and MMFIs.

The new regulations required all microfinance services provider to have a proper address subject to the approval of the BoT, additionally, a service provider cannot open or close a place of business without the prior approval of the BoT, failure to comply would be an offence subject to penalties. The MFIs are also require to adhere to anti-money laundering act and keep proper books of accounts in accordance to international reporting standards , which should be audited by registered auditor and should disclose their financial statement annually to the BoT. These regulations resulted to a number of MFIs closing business because of lack of compliance

### 4.5.2 Interest Rate Control

The study findings in Table 5 have highlighted Tanzania performance on interest rate control (negative real interest rates). The figure shows that Tanzania was able to control interest at a constant rate from 2015 to 2017 with the performance of 10; with the figure relatively changing between 2018 and 2019 to a performance of 9. Interest rates charged on loans by banks continued to respond to accommodative monetary policy and measures adopted, albeit in subdued manner.

**Figure 26:** Interest Rates Control



**Source:** Fraser Institute report (2022)

Currently the overall lending rates have averaged 16.30%, decreasing from 16.37% and 16.63% in the preceding month and January 2021, respectively. Negotiated lending rates declined to 13.68% from 14.06% in the previous month (BoT, 2021 quarterly report). It is worth noting that some banks reduced interest rates to single digit, especially for agriculture.

According to Bank of Tanzania computation, Interest rates on loans and deposits were generally lower in June 2019 and 2018, than in June 2018. Overall and one-year lending rates decreased by 66 basis points and 1.25 basis points year-on-year to an average of 16.84 per cent and 16.36 per cent in June 2019, respectively. This reflects continued improvement in banks' asset quality and loan-granting process. Similarly, overall deposit interest rate decreased by 52 basis points to an average of 7.67 per cent. However, 12 months deposits rate rose to an average of 9.22 percent in June 2019 from 8.68 percent in June 2018.



Nevertheless, following the impact of Covid-19 Pandemic, different nations around the world took different measures to address the economic situation. BOT took measures to reduce the number of Non-Performing loans. This resulted in a slow-down in private sector growth and increasing number of Non-performing loans (Clyde and Co (March, 2018). BoT recommended minimum strategies and granted reliefs to assist in tackling the growing number of NPLs through the BoT Circular No. FA.178/461/01/02. The impact of the Circular was evident in that those NPLs declined from 11.1 per cent in April 2019 to 10.7 per cent in June 2019 and 9.8 per cent in December 2019.

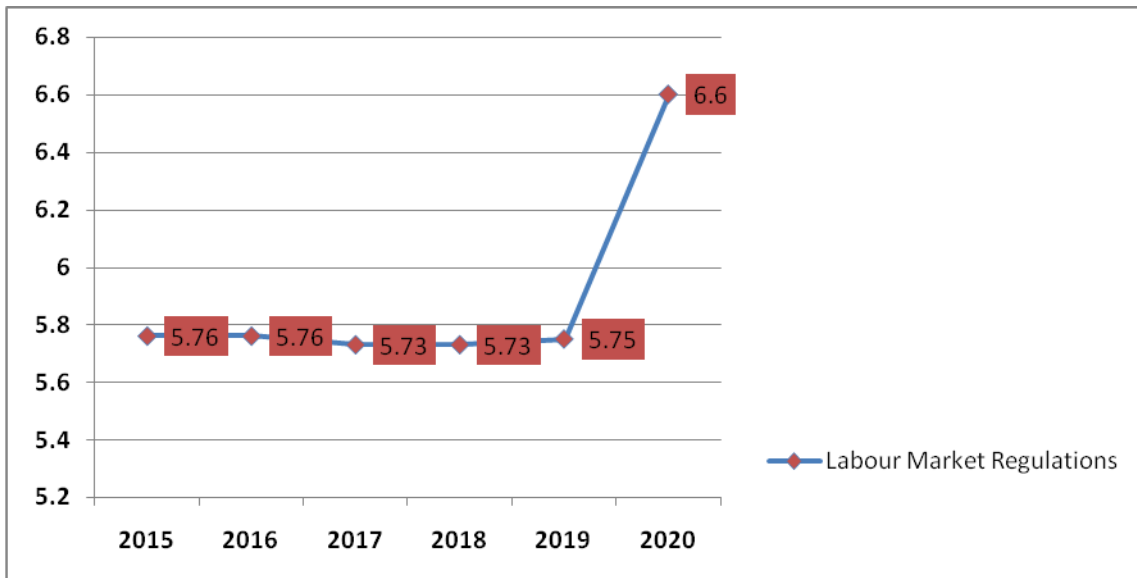
The Monetary Policy Statement identifies that the ratio of NPLs to gross loans has increased to 11 per cent in April 2020 following the outbreak of COVID-19. This measure was meant to cushion the economy from the impacts of COVID-19 and reduce the risk of deterioration of loan portfolios. The various policy measures introduced by the BoT includes; lowering the statutory minimum reserves requirement, and lowering the discount rates as well as providing regulatory flexibility on restructuring of loans.

#### **4.5.3 Labour Market Regulations**

Regulating the labour market can be especially contentious. Interventions like job security rules and minimum wage legislations not only highlight ideological differences about the role of Government and the social contract between capital and labour, but they directly affect the livelihoods of people. Tanzania is ranked 79<sup>th</sup> in labour regulation. This means there are significant barriers in the labour market. These barriers mostly block the poorest members of society as they attempt to find formal employment, adding to social tensions.

In the end, the challenge is to get the balance right between enabling decent working conditions and incomes for employees and allowing employers the flexibility to run their operations efficiently and at a reasonable cost. While politics cannot be eliminated, careful data-driven analysis can inform the policy process by illustrating the likely effects of different regulatory options on important social and economic outcomes. This includes issues like; hiring regulations, minimum wages, hiring and firing, centralized collective bargaining, hours of regulations, mandated cost of worker dismissal, and Conscription.

**Figure 27: Labour Market Regulations**



**Source:** Fraser Institute report (2022)

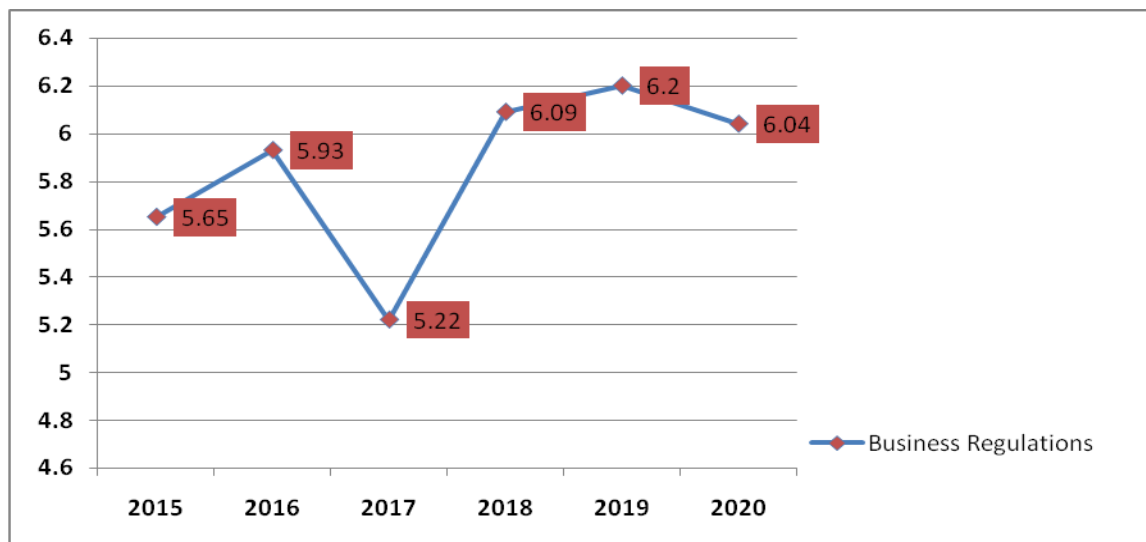
In income countries like Tanzania, to take just two examples, more than 80 per cent of the working population is either self-employed or engaged in family work. In this context, job security rules, minimum wage legislations, and other regulations cannot be applied very effectively. The other consideration is that, even in the more structured parts of developing country labour markets, compliance is a formidable challenge. Employers who would like to avoid the costs of complying with labour regulations and employees who would prefer to maximize their take-home pay can more easily work “off the books”. For example, in most developing countries, between a quarter and a half of wage earners receive less than the statutory minimum wage. Residents enjoy some basic freedoms pertaining to travel and changes of residence, employment, and education especially those originating from Partner States of the EAC regional block where the Common Market Protocol, applying to free movement of labour, is being implemented though not fully.

#### **4.5.4 Business Regulations**

The nation which is ranked 127<sup>th</sup> in business regulations has worst rank. Regulatory roadblocks in creating businesses and expanding them are a severe drag on Tanzania’s growth and job creation. According to Fraiser Institute Report (2021), there are a number of issues which the report is based, this includes; administrative burden, starting a business, extra payment/bribes/favouritism, Licensing restrictions, and Cost of Tax compliance. There are a number of business regulations that tend to impede smooth the performance of business

in Tanzania. Some of the challenges are:- existence of high compliance costs in monetary terms and time in starting and operating business; cumbersome pre-approval procedures, which create rent seeking opportunities; presence of a multiplicity and duplicity of processes; detrimental loopholes in some of the laws and Regulations that are applied by regulators during the conduct of inspections; and the high costs on enforcing implementation of regulations.

**Figure 28:** Business Regulations



**Source:** Fraser Institute report (2022)

The findings in the figure above have revealed that there was a remarkable improvement on Tanzania business environment. For example in 2017 the score was 5.22, the performance increased by 0.31, this increment brought the figure 6.09 in 2018, and 6.2 in 2019. The documentary analysis has established that, the government has tried to establish a number of initiatives and reforms in order to address the challenges facing business performance in Tanzania. Some of this reforms are; the introduction of Tanzania Customs Integrated System (TANCIS), which is built on hi-tech principles with a view to increasing effectiveness, efficiency, transparency, and reliability in the customs administration; the government has also introduced an Electronic Single Window System (ESWS). The two reforms target at enabling business environment related to one-stop-service centre which require business regulatory agencies to coordinate their activities such that businesses do not have to make multiple payments/transactions.

#### 4.5.5 Comparison of Tanzania with Selected Countries on Business Regulation

Overly, stringent regulation can devastate new business formation, frustrate expansion, and weaken profits, which are both the means of further investment and the motivation for further investment. Tanzania is ranked 127<sup>th</sup> on business regulation, meaning red tape are strangling business's ability to create jobs and prosperity. Few challenges are more important for Tanzania than job creation and for that it needs to free its business to create employment.

**Table 9:** Comparison of Tanzania with Selected Countries on Business Regulation

| Countries   | Admin requirement | Bureaucracy costs | Starting a business | Extra payment, bribes, favouritism | Licensing restrictions | Tax compliance | Business regulations |
|-------------|-------------------|-------------------|---------------------|------------------------------------|------------------------|----------------|----------------------|
| Singapore   | 7.44              | 9.78              | 9.95                | 8.76                               | 9.99                   | 9.28           | 9.20                 |
| Estonia     | 5.20              | 8.89              | 9.83                | 9.65                               | 9.24                   | 9.44           | 8.71                 |
| Finland     | 6.49              | 7.56              | 9.56                | 8.93                               | 9.86                   | 8.99           | 8.56                 |
| New Zealand | 5.19              | 8.44              | 9.98                | 9.65                               | 9.40                   | 8.43           | 8.52                 |
| Taiwan      | 4.90              | 9.56              | 9.66                | 9.27                               | 9.58                   | 7.52           | 8.42                 |
| Hong Kong   | 7.31              | 8.44              | 9.95                | 5.00                               | 9.79                   | 9.61           | 8.35                 |
| Switzerland | 6.32              | 6.22              | 9.58                | 9.79                               | 8.37                   | 9.29           | 8.26                 |
| Australia   | 3.98              | 8.00              | 9.93                | 9.64                               | 8.95                   | 8.82           | 8.22                 |
| Japan       | 5.01              | 8.44              | 9.56                | 8.18                               | 9.15                   | 8.56           | 8.15                 |
| Georgia     | 6.08              | 7.78              | 9.95                | 7.50                               | 9.89                   | 7.58           | 8.13                 |
| Top 10      | 5.79              | 8.31              | 9.79                | 8.64                               | 9.42                   | 8.75           | 8.45                 |
| World Ave   | 4.15              | 5.08              | 9.19                | 5.67                               | 8.39                   | 7.35           | 6.63                 |
| Botswana    | 4.15              | 6.67              | 8.46                | 8.28                               | 9.26                   | 8.65           | 7.58                 |
| Cape Verde  | 4.53              | 6.44              | 9.58                | 6.40                               | 9.27                   | 7.98           | 7.37                 |
| Korea, Rep. | 3.76              | 9.11              | 9.59                | 7.88                               | 9.99                   | 8.05           | 8.06                 |
| East Africa | 4.69              | 3.30              | 9.27                | 4.75                               | 8.88                   | 7.66           | 6.43                 |
| Sub-Saharan | 4.02              | 3.71              | 8.98                | 5.01                               | 8.46                   | 6.92           | 6.15                 |
| Tanzania    | 4.61              | 1.33              | 8.63                | 6.10                               | 7.91                   | 7.68           | 6.04                 |

Source: Fraser Institute (2022) report

Tanzania is behind both the East and sub-Sahara African and even further behind the world average. Both administrative requirements and bureaucracy slow business formation and weaken existing businesses. Costly, tax compliance steals time from business owners when they should be focusing on preserving and growing their businesses. Businesses have to cover

the costs of tax compliance and yet the government captures none of the revenue. Cutting this thicket of red tape would diminish another big problem, extra payments. Heavy administrative requirements and bureaucracy costs feed corruption by giving officials an opportunity to demand bribes in exchange for cutting through the red tape. Often the bureaucracy to open opportunity for bribes intentionally creates the red tape and delays. Tanzania has had extremely low scores in this area and Tanzania's score on business regulations has been stagnant.

## 5.0 CONCLUSION AND RECOMMENDATION

---

### 5.1 Conclusion

The focus of this study was to analyse the recent released Fraser Institute report of the “World Economic Freedom Index”, and conduct analysis to audit “Improved Tanzania Economic Freedom Index 2021”. The study specifically addressed the following objectives; the first objective was to review and conduct country auditing on “Economic Freedom in Tanzania 2021” in accordance with identified gaps. The second objective was to review other local and international papers, run consultative discussions, interviews, and focus group discussions on the same subject in accordance to identify gaps. The third objective was to recommend Policy Reform on four variables such as Legal System and Property Rights, Sound Money, Freedom to Trade Internationally and Regulation to be incorporated in Policy Formulation Processes in Tanzania. The fourth objective was to produce a high-level Tanzania Improved Economic Freedom Index and policy paper to be presented to policymakers.

The analysis of Fraser institute report (2021) demonstrate that Country independent institutions positively influence economic growth. Through the protection of property rights, decreasing corruption as well as minimizing the impact of negative external shocks, which hamper economic growth. The inappropriate policies tend to cause fall in economic growth below its potential. Having analysed Tanzania economic freedom, as well as its relationship with economic growth, the following conclusions have been arrived at the following; economic freedom varies substantially across the four indices that this study measured; Compared to other economies, Countries with more economic freedom grow more rapidly and achieve higher levels of per capita income. Therefore, there is a positive relationship between changes in economic freedom and the growth of per capita income; Economic freedom is strongly correlated with overall wellbeing; Countries that are economically freer outperform less-free nations as indicators of wellbeing. It was also revealed, the economic freedom and the rule of law help contribute to economic growth. Tanzania has made progress in becoming freer. The establishment of Free Trade Agreement by reducing, and later, eliminating trade barriers and tariffs has seen Tanzania and other countries in the SADC becoming economically freer with respect to international trade.

The Fraser Institute freedom indices report that Tanzania, like other Countries in SADC and EAC region being approximately 7 per cent behind the world average in the freedom to trade. Inflation and price stability appear to be worsening since the beginning of the decade. However, there has been positive development since 2015 to 2019. This indicates that when Tanzania as compared with other countries in the SADC region has made progress in becoming freer, regarding monetary freedom and the freedom to own foreign currency. The monetary freedom variable is approximately 3 per cent below the world average. The recent financial and economic crisis has seen many countries including Tanzania to halt their commitment to economic freedom. This will only prolong the economic downturn and weaken economic growth. However, correct policy choices will defend progress in economic freedom, allowing economic growth to occur. The overall world freedom index score decreased by 0.1 points.

Tanzania overall economic freedom in the four indices as examined in this study from 2015 to 2019 has shown an increase by 0.1 points. This is a clear indication that the country is making progress in becoming freer and, in turn, increasing its economic growth. Theoretically, an economic freedom proves to have a favourable effect on economic growth, indicating that the effect of economic freedom is much stronger than that of openness. Economic freedom plays a significant role in economic growth. Empirical evidence also showed the direct relationship between economic freedom and economic growth. It can be concluded that Tanzania has increased its position for its economic growth by becoming freer, but this does not necessarily become freer by increasing economic growth.

## **5.2 Recommendations**

- (i) Insights from the literature have indicated that economic freedom leads to economic growth and wellbeing. Initiatives should be taken to achieve the key indicators of economic freedom.
- (ii) The slippages that have been observed in performance on the legal system and property rights deserve special attention. The amendments that were made on miscellaneous laws that reduced property rights or led to the decline of independence in the judicial system deserve to be revisited drawing from the experience gained so date.

- (iii) The challenges of implementation of property rights to women should be addressed by raising the level of awareness of these laws and enhancing enforcement mechanisms and reviewing obstructive customary laws, practices, inheritance practices, traditions and norms that deny women rights to own property.
- (iv) There has been minimal variation in freedom to trade internationally during the period 2015-2019 but this positive trend has been marred by the decline trade taxes suggesting that the regulatory trade barriers should be relaxed. Thus, increasing coordination, including information sharing between all the agencies involved in border clearances, will reduce trade costs at the border. Ensuring that all parties have ready access to accurate information on the regulations and administrative processes required for importing and exporting through a National Trade Portal can reduce costly clearance delays. Simplifying and streamlining border and regulatory border policies will increase revenue and reduce trade.
- (v) Tanzania should continue to modernize customs clearance procedures to address logistics costs and ease of doing business, this require implementing the national electronic single window system and adopting the EAC Protocol on One-Stop Border Posts. Improvements in electronic data management and electronic processing will permit Tanzania to increase the use of risk management and risk profiling.
- (vi) TRA to continue to introduce trade facilitation reforms, including increasing reliance on risk management as a tool for restricting the number of costly physical inspections. Further, regional collaboration is a key in reducing the trade costs. The experience of the EAC One-Stop Border Posts indicates that supporting physical facilities with necessary institutional and regulatory reforms is key to reduction of border crossing times.
- (vii) The Central Bank of Tanzania should accelerate the pace of tightening up banking supervision and encouraging industry consolidation to enhance its stability and operating efficiency. Monetary policy should support growth of digital banking services in order to continue to expand digital money, financial inclusion and improve private lending while reducing the incidence of non-performing loans.



- (viii) Regulating the labour market should address the big picture of the balance right between enabling decent working conditions and incomes for employees and allowing employers the flexibility to run their operations efficiently and at a reasonable cost.
- (ix) Reduce trade barriers limiting access to export markets. The key task is to simplify and streamline trade permits to reduce the regulatory burden on small businesses and smallholders. While the rules apply to all firms, their impact varies they are particularly burdensome for small firms. Large firms and multinational companies benefit from economies of scale and frequently employ staff to comply with multiple regulatory requirements. Similarly, inspection costs are just not economical for small consignments.
- (x) Strengthen institutional capacities, three main issues needed to be addressed are; increasing the staff's skills and retention in highly technically demanding positions; obtaining adequate testing equipment and quality management facilities; and better inter-agency coordination, as multiple agencies are involved in Non-Tariff Measures. Through implementation of activities for National Committees on Trade Facilitation and Elimination of Non-Tariff Barriers which comprises members from public and private sector those issues have been taken into considerations.
- (xi) Strengthen e-Payment system to address the problem of informal payments and avoid corruption loopholes by dishonest public servants. Currently different Institutions have established electronic systems in delivering services. These include; Online Registration of Companies, business Names, registration of Trade and service Marks, Patent rights and registration of Industrial Licenses; Government Electronic Payment Gateway (GePG), e-Office file System, Online Immigration System (e-Immigration). Whereby for all payments related to Government Authorities are paid with a specific control number.
- (xii) Implementation of the Common Market Protocol, applying to free movement of labour, should be accelerated and progress monitored based on basic freedoms

pertaining to travel and changes of residence in the EAC, employment, and education in originating from Partner States of the EAC regional block.

- (xiii) Initiatives should be taken to enhance a regulatory environment that is capable of promoting greater competition in trade in services driven by harmonization of charges in the region with a view to making the charges more competitive.
- (xiv) Provisions of independence of the regulators are a progressive initiative that deserves protection from interference from political statements that are contrary to the independence that is granted to the regulators under the law.
- (xv) Other reforms required are:-
  - Intensive judicial training to enhance public education on independence and accountability to bring awareness to the policy makers on extent of their powers on judges and Judiciary.
  - Have in place a clear indicator for the qualification of judges and magistrates, which is free from interference by the executive favouritism and nepotism.
  - Establish judicial ethical board/committee to be governed by the judicial authority. This should include the judicial authority to budget and manage their funds, expenditure, and access to development partners without necessarily following the bureaucratic machinery within the executive.
  - Purchase and installation of automated systems (filing, recording of proceedings, tracking progress etc).
  - Create a National Accreditation Body (NAB), through investing in quality facilities, and improving accreditation of quality facilities.
  - Harmonize the regulations of Zanzibar and the mainland, and work towards the international recognition of regulations issued in Zanzibar.
  - Increase communication between Government institution and private sectors through PPD, enhancing awareness on the regulatory and complementing with updating Tanzania National Business Portal.
  - Increase number of skilled human resource in the public agencies to strengthen Innovativeness, Research and Development.

- Utilize the available National Enquiry Point (NEP) for getting information related to standards and technical regulation to the exporting countries so that industries and traders get information prior to export.
- TIRA to establish a credit Insurance Product to cover for the risks of the VAF)- Vehicle Asset Facility that may go beyond 5% requirement for the banks to get exemptions from BoT.
- Harmonize the EAC axle loads with SADC axle loads with the intention to make Tanzania transporters more competitive to transporters from SADC region. Currently, the Tanzania Trucks loads 1.5 less than SADC counterparts, causing a further 5% increase in freight costs.

## REFERENCES

---

- Barry Wood (2008). "Economic Freedom Holding Steady, 14th Index of Economic Freedom Shows". Archived, 2008.
- BEACH, William W. & KANE, Tim (2007) Methodology: Measuring the 10 Economic Freedoms, 2007 Index of Economic Freedom, The Heritage Foundation, and Washington, D.C.
- Bennett, D., & Nikolaev, B. (2017). On the ambiguous economic freedom-inequality relationship. *Empirical Economics*, 53(2), 717–754.
- Carl J. Schramm (15 January 2008). "Chapter.1 Economic Fluidity: A Crucial Dimension of Economic Freedom. Retrieved 4 February 2008.
- Edwin J. Feulner (2012). A Step Backward for Economic Freedom in 2012. *The Wall Street Journal*. Retrieved, 2012.
- Feldmann, H. (2017). Economic freedom and human capital investment. *Journal of Institutional Economics*, 13(2), 421–445.
- Graafland, J., & Lous, B. (2018). Economic freedom, income inequality and life satisfaction in OECD countries. *Journal of Happiness Studies*, 19, 2071–2093.
- Gwartney, J., Hall, J., & Lawson, R. (2017). Economic freedom of the world: 2017 annual report. Retrieved, 2018,
- KANE, Tim (2007) Economic Freedom in Five Regions, 2007 Index of Economic Freedom, The Heritage Foundation, Dow Jones & Company, Inc., Washington, D.C., 57-72.
- Magai, P.S., (2018): An Econometric Analysis of Trade and Economic Growth in Tanzania: Evidence from Time Series Data. *Business Management Review Journal*, Vol 21 (1), pp. 74-84.
- Noor Kapdi and Robert Parring (2018) newsletter. [www.Dentons.Com](http://www.Dentons.Com)
- Palmer, R. 1999. "The Tanzanian Land Acts, 1999: An Analysis of the Analyses," <http://www.oxfam.org.uk/landrights>, Oxfam, Oxford.
- Shivji, I.G. 1999. "The Land Acts 1999: A Cause for Celebration or a Celebration of a Cause?" Keynote Address to the Workshop on Land, held at Morogoro 19-20 February 1999.
- Issa Shivji: The Dialectics of Maguphilia and Maguphobia in CODESRIA Bulletin. Online. Number 13. June 21.

- Dawson, John W. (1998). Institutions, Investment, and Growth: New Cross-Country and Panel Data Evidence. *Economic Inquiry* 36 (October): 603-19.
- De Haan, J., and J-E. Sturm (2000). On the Relationship between Economic Freedom and Economic Growth. *European Journal of Political Economy* 16: 215–41.
- Farr, W. Ken, Richard A. Lord, and J. Larry Wolfenbarger (1998). “Economic Freedom, Political Freedom and Economic Well-Being: A Causality Analysis.” *Cato Journal* 18, 2 (Fall): 247–62.
- Fike, Rosemarie (2017). “Adjusting for Gender Disparity in Economic Freedom and Why It Matters” in Gwartney, Lawson, and Hall, 2017. The Fraser Institute: Vancouver.
- Griswold, Daniel T. (2004). *Trading Tyranny for Freedom: How Open Markets Till the Soil for Democracy*. Cato Institute: Washington, DC. Trade Policy Analysis No. 26, January 6.
- Grubel, Herbert G. (1998). “Economic Freedom and Human Welfare: Some Empirical Findings.” *Cato Journal* 18, 2 (Fall): 287–304.
- Karabegović, Amela and Jason Clemens (2005). *Ending Child Labour—Bans Aren’t the Solution*. Fraser Forum (March).
- Gwartney, James, Randall Holcombe, and Robert Lawson (1998). “The Scope of Government and the Wealth of Nations.” *Cato Journal* 18, 2 (Fall): 163–90.
- Gwartney, James, Robert Lawson and Walter Block (1996). *Economic Freedom of the World: Annual Report 1996*. Vancouver: The Fraser Institute.
- Gwartney, James, and Robert Lawson (2004). *Economic Freedom of the World: 2004 Annual Report*. Fraser Institute. <<http://www.freetheworld.com>>.
- Gwartney, James, Robert Lawson and Joshua Hall, (2014). *Economic Freedom of the World: Annual Report 2014*. Vancouver: The Fraser Institute.
- Gwartney, James, Robert Lawson and Joshua Hall, (2017). *Economic Freedom of the World: Annual Report 2017*. Vancouver: The Fraser Institute.
- Gwartney, James, Robert Lawson, Joshua Hall and Ryan Murphy, (2022). *Economic Freedom of the World: Annual Report 2022*. Vancouver: The Fraser Institute.
- Hall, Joshua, and Robert Lawson (2014). *Economic Freedom of the World: An Accounting of the Literature*. *Contemporary Economic Policy* 32, 1: 1–19. <<http://onlinelibrary.wiley.com/doi/10.1111/coep.2014.32.issue-1/issuetoc>>.
- Norton, Seth W., and James. D. Gwartney (2008). *Economic Freedom and World Poverty*. In James Gwartney and Robert Lawson, *Economic Freedom of the World: 2008 Annual Report* (Fraser Institute: 2008): 23–40.

Sala-i-Martin, Xavier. 2002. "The Disturbing "Rise" of Global Income Inequality". Published in the JEL and available at:  
<http://www.columbia.edu/~xs23/papers/GlobalIncomeInequality.htm>, accessed July 19, 2014.

# ECONOMIC FREEDOM REPORT 2022

## Conducted by

Prof Samuel Wangwe and DR, Petro Sauti Magai,  
Individual Consultants & Working Group.

## Reviewed by

Michel Kyande - Head of Research and Academic,  
Liberty Sparks

Evans Exaud - Founder & Executive Director-  
Liberty Sparks.

Working group: TPSF, TWCC, TCCIA, CTI, TLS,  
TATO, ZNCC, TAFFA,  
TATO, ATE, KPMG, TBA&LS

## Designed by

Mussa Sango

## Colleagues

Gerald Daud, Dickson Kigora, Anastasia Nturu

## Assistment

Fortunata Meela, Managing Director, Viva Legacy  
(T) Limited

Dr Elly Tumsifu- University of Dar es Salaam  
business College

## Partner Organizations

ATLAS NETWORK & FRASER INSTITUTE

We thank Atlas Network for their continued support  
in our efforts to contribute to the friendly business  
environment in Tanzania.

## Contact

Liberty Sparks

Boko, Basiaya, OT Building

P.O. Box 66662,

Dar es salaam

+255 739 144 141

[www.libertysparks.org](http://www.libertysparks.org) 

[research@libertysparks.org](mailto:research@libertysparks.org) 

@libertysparks 

LIBERTY SPARKS

IMPROVED TANZANIA ECONOMIC FREEDOM  
REPORT 2022



For a Freer & Prosperous Society