

Tanzania

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Delcredere | Ducroire, Member of the Credendo group
The Belgian Export Credit Agency

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CREDEN
DO
GROUP

International credit insurance Group

BELGIUM

DEL
CREDERE
DUCROIRE

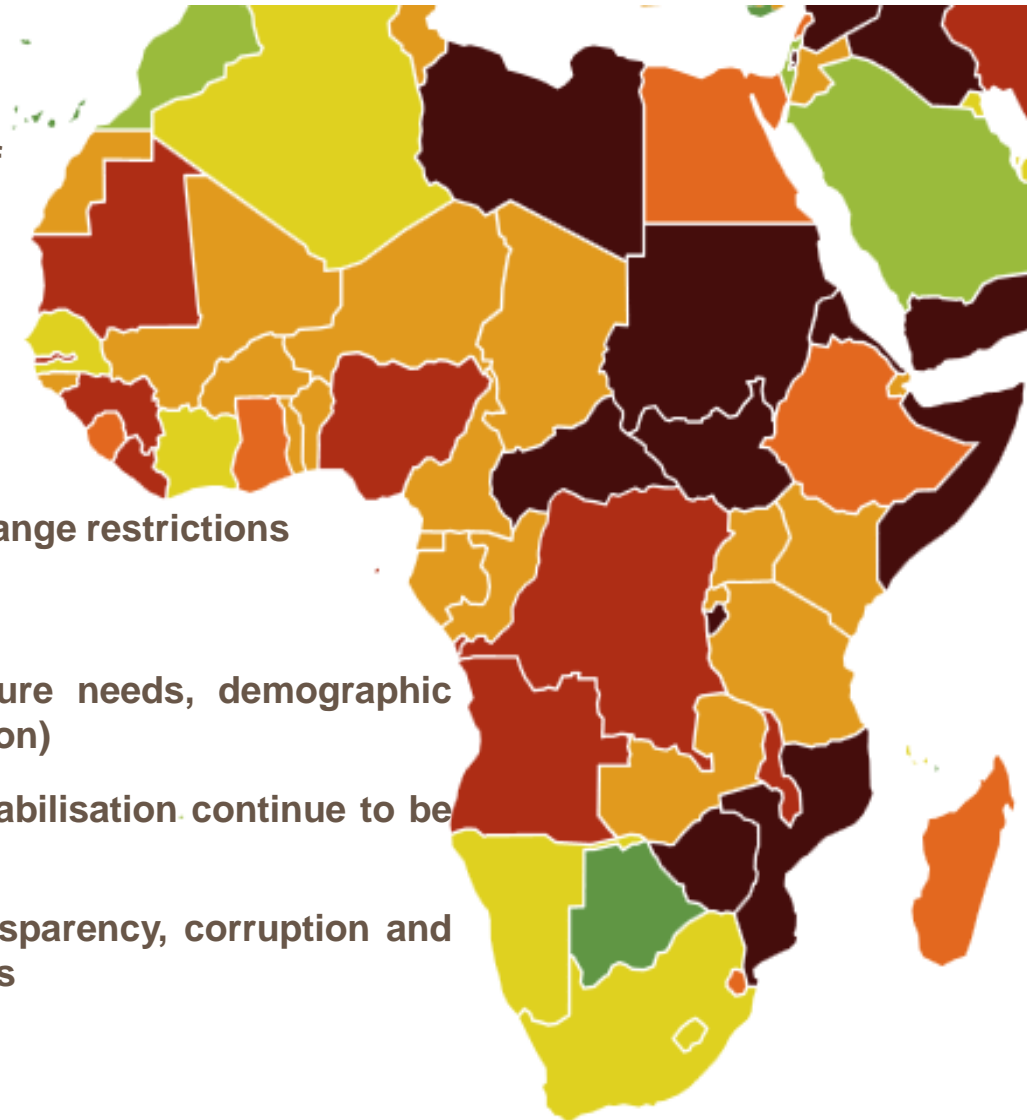
- Public institution
- Belgian State Guarantee / S&P : AA rated
- MLT transactions and support to Belgian exporters

CRE
DIMUNDI

- Private insurance company
- No State Guarantee
- ST transactions – insured's worldwide

Sub-Saharan Africa: main trends

- Public debt on the rise following debt relief
- Reliance on commodities:
 - Hit hard by the low commodity prices and Chinese economic slowdown
 - Currencies under pressure
 - Some countries introduced foreign exchange restrictions
- Vulnerable to weather conditions
- Still strong growth potential (infrastructure needs, demographic dividend, growing middle class consumption)
- Security threats and risk for political destabilisation continue to be a vulnerability for several countries
- Governance is improving but lack of transparency, corruption and fragile business climate still deter investors



Cover policy on Tanzania

> **Credendo group can cover export transactions** financed by both short-term credits and medium/long-term credits on open account terms, i.e. without a bank guarantee being required, and without any further particular conditions.

> Transactions with **public buyers/guarantors** may be subject to IMF- and/or IDA-restrictions on non-concessional borrowing.

> **Country ceilings:**

	Short term and special cash transactions	Medium/long term and investments
Delcredere Ducroire's ceilings for this country have been set at:	300 mn EUR	350 mn EUR
Availabilities under these ceilings to cover new transactions are:	Normal	Normal

Risk assessment

Tanzania

Export Transactions

Political Risk (1 to 7)

Short Term



Medium/Long Term



Special Transactions



Commercial Risk (A to C)



Direct investments (1 to 7)

War Risk



Risk of expropriation and government action

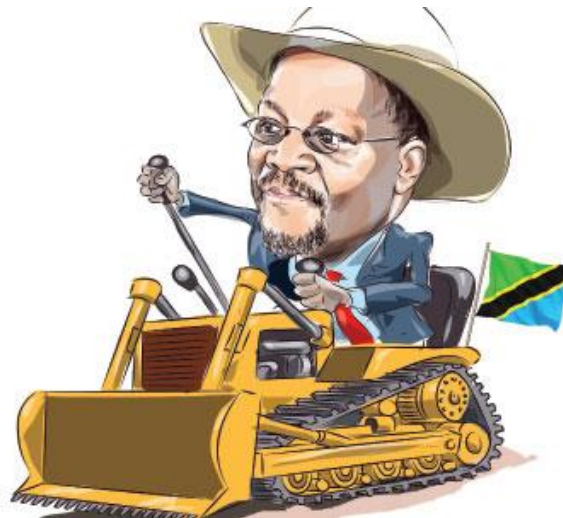


Transfer risk



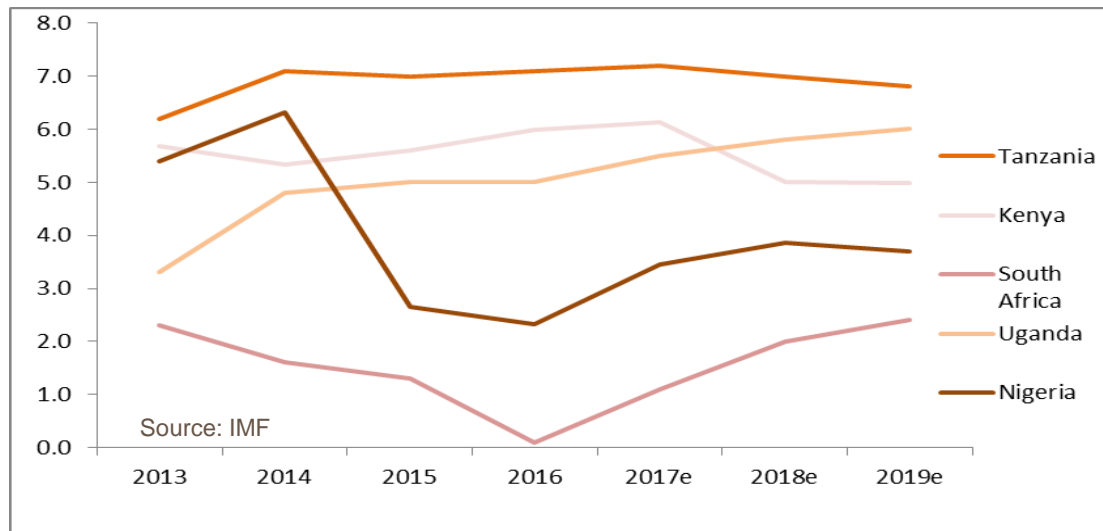
Long term political risk

- > **Stable** political and security environment
- > **Magufuli** is president of Tanzania , former Works Minister
- > Rising political **tensions in Zanzibar** after the disputed rerun elections

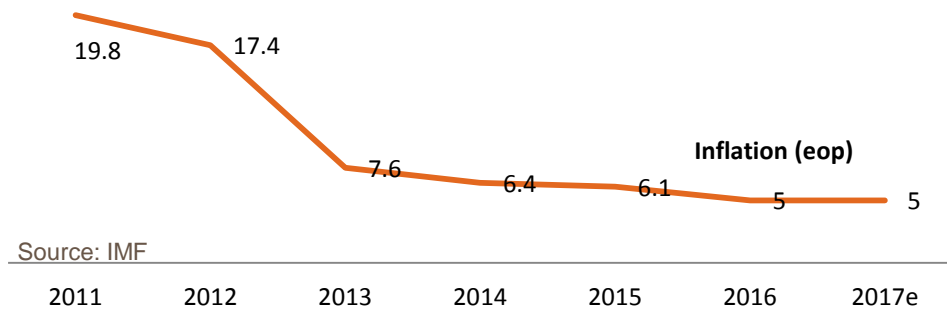


Medium long term political risk

> Strong growth (7.1% in '16) supported by public investment

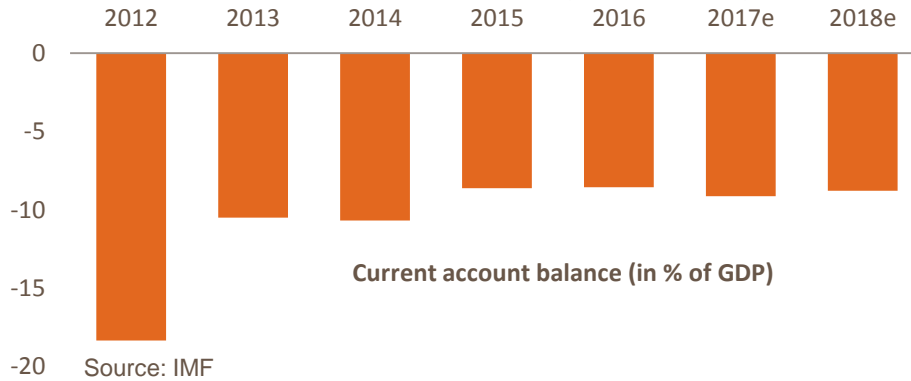


- Growing role as a **trade hub** for landlocked neighbors
 - Vulnerable to **weather shocks** as agriculture remains important
- > Moderate **inflation** despite significant exchange rate depreciation

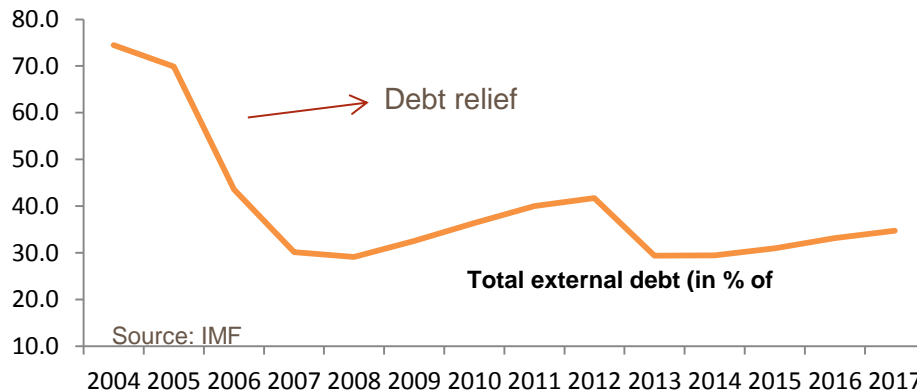


Medium long term political risk

- > **Main exports** : tourism (20% of current account receipts), gold (11%) & agriculture products (8%)
- > **Current account deficits** partly driven by infrastructure projects

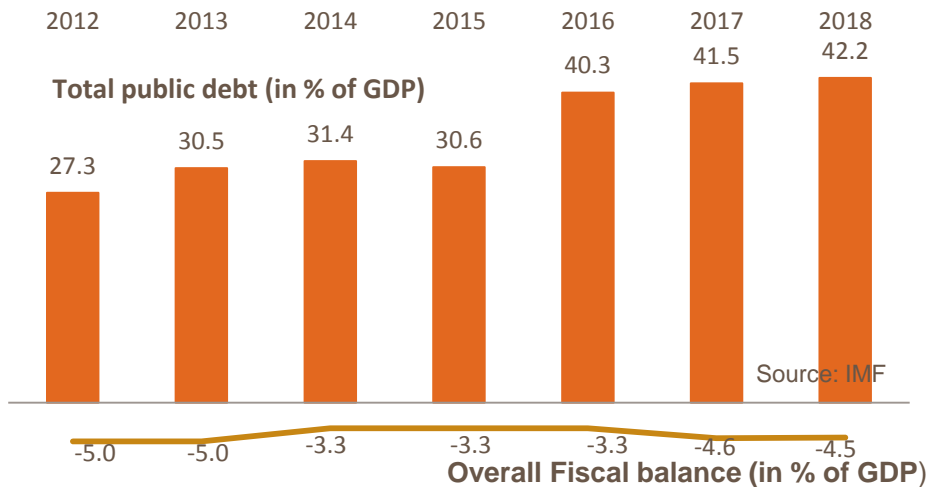


- > **Natural gas discovery** but still a net fuel importer
- > **Moderate external debt** (33.1% of GDP in 2016), largely on concessional terms



Medium long term political risk

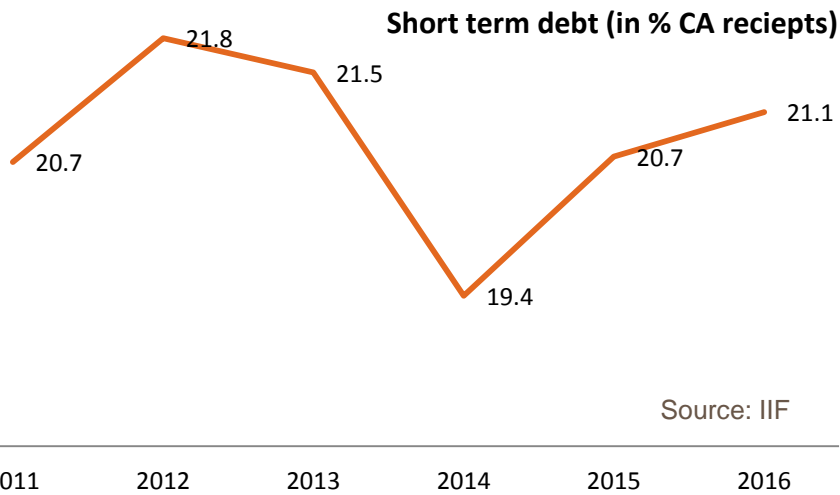
- > Public finances: moderate but rising **fiscal deficit** (-3.3% GDP in '16 and -4.6% in '17) and **moderate public debt** (40% of GDP in '16)



- > **Low public tax revenues**
- > **Investment scaling up**
- > **Highly dependent on aid** while corruption scandals have strained donor relations
- > **New policy** under President Magufuli ?
 - dedicated to reduce corruption
 - decrease expenditure
 - raise government tax revenues

Short term political risk

- > Moderate level of **ST debt (21% of CA receipts)**



- > Adequate **foreign exchange reserves** (around 3 months of imports)
- > Moderate **market risk appreciation**

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Turning uncertainties into opportunities