

AFRICA RISK CONSULTING

Tanzania Monthly Briefing May 2021

Tanzania Summary 5 May 2021

President Samia Suluhu Hassan (2021-present) continues to take control over her administration and the ruling Chama Cha Mapinduzi (CCM) party after being sworn in as chairperson of the party on 30 April. Suluhu has put measures in place to curb the spread of Covid-19 and has committed to continuing former president John Magufuli's (2015-2021) mega infrastructure projects whilst trying to assure investors that Tanzania is an attractive investment destination. As part of this drive, Suluhu has ordered the host government agreement that governs the country's proposed liquefied natural gas (LNG) project to be completed within six months and reassured the country's mining sector that they are partners of the government. Suluhu also appears to be trying to normalise Tanzania's relations with its key neighbours, embarking on state visits to Kenya and Uganda.

Samia surges ahead ...

President **Samia Suluhu Hassan** (2021-present) has made numerous bold commitments during her first weeks in power. Suluhu, who came to power following the death of former President **John Magufuli** (2015-March 2021), has already deviated significantly from her predecessor's policies.¹ In her first weeks in power she embarked on a cabinet reshuffle and replaced multiple heads of government agencies.² During a meeting of the ruling **Chama Cha Mapinduzi (CCM)** on 30 April, Suluhu was sworn in unopposed as the party's new chairperson, with **Daniel Chongolo** taking on the role of secretary general.³

In a marked departure from her predecessor, Suluhu announced on 18 April that she had formed a committee to develop a strategy for **Tanzania** to tackle the **Covid-19** pandemic. Suluhu stressed that the committee would be guided by science, with many inferring that it would not be guided by politics as witnessed in recent months.⁴ The committee includes representatives from the ministry of finance and planning as well as the health ministry. On 4 May, the ministry of health announced that all travellers arriving in Tanzania must present a negative PCR test, and those coming from countries deemed to be "high risk" will need to take an additional rapid Covid-19 test on arrival. Additionally those coming from countries where there are new variants of the **coronavirus** will need to quarantine on arrival in a government-designated facility.⁵ The government has not yet shared a list of these countries. The question many are now asking is whether Tanzania will change its policy with regard to embarking on a Covid-19 vaccination programme.

Adding to the list of U-turns from Magufuli's policies, Suluhu has announced that she will drop some of the restrictions on media houses in the country, including a directive to the ministry of information, culture and arts to lift existing bans on media houses.⁶ Restrictions on media freedoms were a key issue during Magufuli's administration, with analysts we consulted noting the significant decline in press and civic freedoms during his five and a half years in office. There is now some optimism that this will start to change.

¹ Reuters, 17 Mar 2021

² The Citizen, 31 Mar 2021

³ The Citizen, 30 Apr 2021

⁴ Daily News, 6 Apr 2021

⁵ BBC, 4 May 2021

⁶ Daily News, 6 Apr 2021

⁷ The Citizen, 22 Apr 2021

⁸ The Citizen, 29 Apr 2021

In her inaugural speech to parliament on 22 April, Suluhu made bold statements on how she intends to run her government and what this may mean for investors.⁷ Suluhu committed her government to following the country's key guiding strategies, including the **Development Vision 2025** and the **Five Year Development Plan III**. She stressed that her government will follow the rule of law, hold civil servants to account and seek to promote democratic and media freedoms. Suluhu committed to continuing her predecessor's fight against corruption and ensuring that the country normalises relations with key regional allies. Suluhu made her first international trip to neighbouring **Uganda** on 10 April, and followed this up with a two-day visit to **Kenya** on 4-5 May (see below).

Seeking to make Tanzania a more attractive investment destination, Suluhu reiterated her commitment to developing an effective one-stop shop for investors – something that the **Tanzania Investment Centre (TIC)** is mandated to do, but in practice fails to deliver the level of efficiency and consistency that neighbouring countries such as Uganda and **Rwanda** afford investors. Suluhu committed to creating a predictable tax policy and to working with the **Tanzania Private Sector Foundation (TPSF)** to better understand the concerns of investors. She also pledged to simplify the work permit and residence permit process for foreigners, a promise that multiple administrations have made with little success. Suluhu committed to continuing Magufuli's mega-projects, including the standard gauge railway, the **Julius Nyerere Hydropower Project** and construction of the new airport in **Msalato**, just outside of the capital, **Dodoma**. While it is too soon to provide detailed analysis of how Suluhu plans to lead her government and what this may mean for investors in the long term, all initial indications appear to be positive.

Extractives under Suluhu

President Samia Suluhu has made positive overtures to the extractives sector since taking office in March. On 29 April, she directed the government and oil companies to re-commence and finalise negotiations on the planned \$30 billion liquefied natural gas (LNG) project in **Lindi**.⁸ Negotiations on the host government agreement between the government and the private sector investors stalled in August 2019. Issues relating to local content and taxation are believed to be the two key areas on which the parties have been unable to agree. The recent attack in northern **Mozambique** saw **France**-headquartered oil major **Total** claim *force majeure* on 26 April on its multi-billion dollar investment there.⁹ Suluhu may capitalise on the confusion in Mozambique in order to build momentum for the Tanzanian project. However, with Tanzania's project located in the southern part of the country, just 150km from where the attacks took place in **Palma (Cabo Delgado Province)**, investors are likely to be cautious if the project proceeds. During her visit to Uganda on 10 April, Suluhu signed the final agreements for construction of the **East African Crude Oil Pipeline (EACOP)** that will run from **Hoima** to Tanzania's port of **Tanga**.¹⁰ The construction phase of the project will bring significant benefits to Tanzania and see the northern port of Tanga modernised.

Suluhu has made numerous positive signals to the mining sector – a sector that felt much maligned under Magufuli – that she is willing to support its growth. In her inaugural address to parliament on 22 April, Suluhu referenced the need for the government to work in partnership with companies to develop the mining sector.¹¹ Suluhu has also noted the need to encourage growth in Tanzania's nickel, helium and gold sectors.¹² These announcements have stirred optimism among mining companies and key service providers, the first since Magufuli brought about legislative changes in 2017 that included an increase in royalties, a mandatory government free carried interest, and a ban on the export of mineral concentrate.¹³ Minerals minister **Dotto Biteko**'s budget speech reinforced the notion of partnership, focusing on strengthening the mining sector's contribution to gross domestic

⁷ The Citizen, 22 Apr 2021

⁸ The Citizen, 29 Apr 2021

⁹ Reuters, 26 Apr 2021

¹⁰ The Citizen, 10 Apr 2021

¹¹ The Citizen, 22 Apr 2021

¹² Proactive Investors, 14 Apr 2021

¹³ HSF, 27 Jul 2017

product (GDP) and outlining ambitious plans to grow the sector by over 27% in the coming financial year.¹⁴

There has also been some positive movement among the junior exploration companies operating in Tanzania. **Australia**-based **ASX**-listed **Walkabout Resources**, which holds a mining licence for the **Lindi Jumbo Graphite Project** in southern Tanzania, announced on 13 April that it has secured \$20m in debt financing from Tanzania's **CRDB Bank**. The financing will cover over 60% of the project development costs.¹⁵ Optimism in the sector coupled with more predictable and transparent policy may make it easier for exploration companies to raise funds and move into construction. However, it will take at least a year to see if Suluhu's recent overtures will lead to financing that will help to grow and diversify the country's mining sector into new commodities.

Foreign relations under Suluhu

President Samia Suluhu has given early indications that she plans to normalise relations with the international community. As part of these efforts, Suluhu on 10 April received Kenya's sports secretary ambassador, **Amina Mohammed**, to discuss the need to enhance economic and social cooperation between the two countries. Suluhu ordered the joint permanent commission between Kenya and Tanzania, which has not met since 2016, to recommence work on strengthening ties between the two countries.¹⁶ Suluhu followed up with a state visit to Kenya, landing in **Nairobi** on 4 May.¹⁷ During her visit, it was announced that the two countries would invest in joint infrastructure including a joint gas pipeline from **Dar es Salaam** (Tanzania) to **Mombasa** (Kenya).

Suluhu met with Uganda's President **Yoweri Museveni** (1986-present) on 10 April to finalise the paper work that will allow the Uganda-Tanzania oil project to commence (see above).¹⁸ Suluhu has also reached out to the **Chinese** business community, meeting with representatives of the **Chinese Business Chamber of Tanzania** on 21 April to discuss areas for increased investment.¹⁹ President Magufuli was more sceptical of Chinese investors than previous administrations and there is a sense that we may see increased Chinese investment in Tanzania in the coming years.

After years of pushing back on donor funding for fear of becoming overwhelmingly donor dependent, it appears as though Tanzania is again courting donor contributions. Suluhu and **World Bank** country director **Mara Warwick** held their first meeting on 19 April. In the meeting it was announced that the World Bank is currently working on approving \$1.15 billion worth of projects in Tanzania.²⁰

There is a strong feeling in Tanzania that Suluhu is looking to engage in a more cordial and productive manner with all international partners than her predecessor. Her apparent desire to normalise relations with the international community, many of which felt aggrieved or ignored during Magufuli's time in office, will no doubt be assisted by her decision to appoint ambassador **Liberata Mulamula** as minister for foreign affairs and **East African** cooperation. Mulamula has had a distinguished diplomatic career and served as Tanzania's ambassador to the **United States** from July 2013 to May 2015.²¹ It remains to be seen how Suluhu will tackle issues such as regional integration.

¹⁴ Daily News, 30 Apr 2021

¹⁵ Daily News, 15 April 2021

¹⁶ The Citizen, 10 Apr 2021

¹⁷ The Citizen, 4 May 2021

¹⁸ The Citizen, 10 Apr 2021

¹⁹ Daily News, 21 Apr 2021

²⁰ The Citizen, 19 Apr 2021

²¹ The Citizen, 31 Mar 2021; [The United Republic of Tanzania Embassies and Diplomatic Missions](#) accessed 5 May 2021

Planner

2021 **(Tanzania)** Commencement of construction of **Uganda-Tanzania** oil pipeline
 2024 **(Tanzania)** Local elections
 2025 **(Tanzania)** General elections

Chronology

4 May 2021 **Dar es Salaam (Tanzania)** *BBC*. The health ministry has issued new guidelines for arriving travelers, with all arrivals now having to present a negative PCR test and those coming from selected countries (yet to be defined by the government) required to have a rapid test on arrival and potentially spend two weeks in a government chosen quarantine location;

4 May 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** arrives in **Nairobi (Kenya)** to commence a two-day state visit during which the two countries announce that they will build interconnecting infrastructure, including a gas pipeline;

3 May 2021 **Mwanza (Tanzania)** *The Citizen*. Majority **Emirati**-owned **Precision Minerals Limited** has commenced refining gold to international standards in **Mwanza**;

30 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The ruling **Chama Cha Mapinduzi's (CCM)** national executive council appoints **Daniel Chongolo** as the party's new secretary general, and **Samia Suluhu** as the party's new chairperson;

29 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu** directs the government and oil companies to re-commence and finalise negotiations on the planned \$30 billion liquefied natural gas project in **Lindi**;

29 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania Breweries Limited (TBL)** announces that profits decreased by 41% during 2020 due to **Covid-19**;

22 Apr 2021 **Dar es Salaam (Tanzania)** *Daily News*. State-owned **Tanzania Telecommunications Corporation (TTCL)** has announced plans to increase its market share from 2% to 6% by the end of this year, targeting both urban and rural areas;

21 Apr 2021 **Dar es Salaam (Tanzania)** *Daily News*. Representatives of the **Chinese Business Chamber of Tanzania** and President **Samia Suluhu** meet to discuss increased **Chinese** investment prospects in **Tanzania**;

19 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **World Bank** country director **Mara Warwick** meets with President **Samia Suluhu** to discuss enhanced cooperation, with the World Bank announcing that it is currently working on approving \$1.15 billion worth of projects in **Tanzania**;

19 Apr 2021 **Dar es Salaam (Tanzania)** *Financial Times*. Emerging markets telecoms group **Millicom** sells its **Tanzania** operations for an undisclosed sum to **Madagascar**-based pan-African operator **Axian** as Millicom shifts to a sole focus on **Latin America**;

17 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Cashew nut production in **Tanzania** hit a four-year low as sales decreased to 206,718.88 tonnes for the 2020/21 season;

17 Apr 2021 **Arusha (Tanzania)** *The Citizen*. Former head of the **Prevention and Combating of Corruption Bureau (PCCB)** **Edward Hosea** has been named as the new president of the **Tanganyika Law Society (TLS)**;

15 Apr 2021 **Dar es Salaam (Tanzania)** *Daily News*. Tanzania's **CRDB Bank** agrees to provide \$20m of debt financing to **Australian** graphite exploration company **Walkabout Resources** to develop its project in **Lindi**;

14 Apr 2021 **Dar es Salaam (Tanzania)** *Proactive Investors*. President **Samia Suluhu** comes out as firmly pro-business and foreign investment, and highlights helium, nickel and gold as sectors where she aims to smooth the investment process and encourage growth;

13 Apr 2021 **Dar es Salaam (Tanzania)** *Daily News*. **South Africa**-headquartered **Sanlam Tanzania** has announced an 80% increase on pre-tax profits from last year, largely attributed to an increase in life insurance policies;

10 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu** travels to **Uganda** to meet President **Yoweri Museveni** to finalise the paper work for the **Uganda-Tanzania** oil project to commence;

10 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu** receives **Kenya's** cabinet secretary for sports, ambassador **Amina Mohammed**, in **Dar es Salaam** to discuss enhanced cooperation between the two countries;

8 Apr 2021 **Dar es Salaam (Tanzania)** *The Citizen*. A report issued by the controller auditor general **Charles Kichere** analysing government spending in the 2019/20 financial year states that state-owned **Air Tanzania Company Limited** has lost TSh 150 billion (\$65 m) in the past five years;

7 Apr 2021 **Dar es Salaam (Tanzania)** *Reuters*. President **Samia Suluhu** says she will lift a ban on all media in the country, a radical shift from a press crackdown implemented by her late predecessor, **John Magufuli**;

6 Apr 2021 **Dar es Salaam (Tanzania)** *Daily News*. President **Samia Suluhu** orders the establishment of a committee guided by science to assess the country's strategy for tackling the **Covid-19** pandemic;

6 Apr 2021 **Dar es Salaam (Tanzania)** *Daily News*. President **Samia Suluhu** orders the ministry of information, culture and arts to lift bans on media houses to allow for freedom of the press.

About Africa Risk Consulting:

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