

AFRICA RISK CONSULTING

Tanzania Monthly Briefing November 2021

Tanzania Summary 5 November 2021

Additional Covid-19 vaccines arrive in Tanzania as President Samia Suluhu Hassan (2021-present) and her administration continue to tackle the pandemic. The United Kingdom (UK) removes Tanzania from its travel red list. President Suluhu attends and speaks at the United Nations (UN) Climate Change Conference of the Parties (COP26) in Glasgow (UK), calling for further assistance to developing countries. Leading bank CRDB announces that it has developed a fund, which the UN Green Climate Fund (GRF) will match, to provide a loan facility of \$200m to support initiatives to protect the country's agriculture sector from the impacts of climate change. The mining ministry grants the special mining licence (SML) for the Kabanga nickel project to Tembo Nickel in a significant milestone for the project and a further sign of recovery for the country's mining sector.

Covid response continues

President **Samia Suluhu Hassan** (2021-present) and her administration continue to grapple with the public health and economic impacts of **Covid-19** in **Tanzania**. The health ministry has commenced issuing statistics on the status of the pandemic, reporting that there have been 26,000 confirmed cases and 725 Covid-19-related deaths in Tanzania since the **World Health Organization (WHO)** characterised Covid-19 as a pandemic on 11 March 2020.¹ Given the paucity of data during President **John Magufuli's** (2015-2021) time in office, these statistics are likely a significant under-representation of the country's health situation.

In addition to increased transparency around pandemic statistics, Tanzania continues to receive and administer doses of Covid-19 vaccines. On 8 October the health ministry received 1,065,000 doses of the **China**-developed **Sinopharm** vaccine as part of the **Covax** initiative,² and a second batch of 1 million Sinopharm vaccines arrived on 1 November.³ Tanzania is also set to receive 500,000 doses of the **BioNTech Pfizer** mRNA vaccine.⁴ To date, just over one million Covid-19 vaccine doses have been administered in the country.⁵

Against this backdrop there is increased optimism for travel in and out of Tanzania. The **United Kingdom (UK)** removed Tanzania from its travel red list on 8 October as part of its decision to remove all except seven countries from its travel red list.⁶ Tanzania's removal from the red list comes as efforts to revive its tourism sector are in full swing. As part of this push, state-owned **Air Tanzania** received two new **Airbus A220-300** aircraft on 8 October, delivered to **Zanzibar's Abeid Amani Karume International Airport** from Airbus' facilities in **Montreal (Canada)**.⁷ Air Tanzania announced on 16 October that it has ordered five additional aircraft to cater for its plans to embark on direct flights to **Nairobi (Kenya)**, **Bujumbura (Burundi)** and **Lubumbashi (DRC)** in November.⁸ Other airlines are also including Tanzania as a new destination, with **Switzerland**-based airline

¹ The East African, 6 Oct 2021

² The Citizen, 8 Oct 2021

³ The East African, 1 Nov 2021

⁴ Daily News, 17 Oct 2021

⁵ The World Health Organisation, November 2021

⁶ The Citizen, 8 Oct 2021

⁷ The Citizen, 8 Oct 2021

⁸ The East African, 16 Oct 2021

Edelweiss commencing direct flights to Tanzania on 9 October⁹ and partially state-owned **Air France** announcing on 14 October direct flights from **Paris** to Zanzibar from 18 October.¹⁰ Tanzania's credentials as a world leading tourism destination were boosted with the **World Travel Agency's** naming in October of the **Serengeti** as **Africa's** leading national park.¹¹

With global travel normalising, Tanzania's tourism sector will continue to recover. However, it may not see substantial gains until the start of the high season in June 2022. The Covid-19 situation in Tanzania is expected to remain the same in the short to mid-term, with vaccination uptake slow and minimal, if any, government-imposed restrictions on movement, mask-wearing and lockdowns.

Climate change on the agenda

President Samia Suluhu attended and spoke at the **United Nations (UN) Climate Change Conference of the Parties (COP26)** that took place in **Glasgow (UK)** between 31 October and 12 November. During a speech on 2 November, Suluhu noted the urgency of additional financing to assist developing countries in tackling climate change. Linking climate change to economic development, Suluhu noted that 30% of Tanzania's gross domestic product (GDP) comes from fisheries, agriculture and forestry, and that a strong commitment to climate change, both by Tanzania and the global community, is necessary to ensure these sectors remain sustainable.¹² Sustainability is vital for the survival of the economy and the workers who depend on these sectors. Speaking at the conference, President Suluhu noted that countries such as Tanzania, with lower adaptive capacity, will have to brace for "more devastating impacts" if the world does not "act accordingly":

*"Our pride, the **Mount Kilimanjaro**, is drastically becoming bald due to glacier melting. Our exotic and beautiful archipelago, Zanzibar, is struggling with temperature rises, saltwater intrusion and inundation, thus impacting its tourism ecology."¹³*

Tanzania has not yet signed up to **African Risk Capacity**, an **African Union** initiative that helps countries plan for and respond to natural disasters and weather-related events. However, other **East African Community (EAC)** members, including **Kenya, Burundi** and **Rwanda**, are members.¹⁴

Tanzania's largest bank in terms of assets, **CRDB**, is spearheading tangible action in-country to address the funding shortfalls for climate-smart agriculture. CRDB announced on 3 November the establishment of a \$200m loan facility aimed at increasing the uptake of climate-resilient projects in the country's agriculture sector.¹⁵ CRDB will match the \$100m contribution of the **United Nations Green Climate Fund (GCF)**. CRDB is the only Tanzanian bank accredited by the GCF as a financial institution approved to implement green financing initiatives and is just one of four banks across the continent approved by the UN for such activities. CRDB CEO **Abdalmajid Nsekela** said the funding highlights the bank's commitment to sustainable action on climate change:

"Africa continues to bear the biggest brunt when it comes to climate change, yet it is the least contributor to global warming. We want to lead from the front in mitigating the impact of global warming by promoting climate-resilient activities and adaptation hence the partnership with GCF."¹⁶

Continued financial commitment both from within Tanzania and abroad is necessary to help the country protect its economy against the impact of climate change. President Suluhu's willingness to engage with the international community should see donors and lenders look more favourably on Tanzania than they did during President Magufuli's time in office.

⁹ The Citizen, 9 Oct 2021

¹⁰ The Citizen, 20 Oct 2021

¹¹ Daily News, 21 Oct 2021

¹² The Citizen, 4 Nov 2021

¹³ Africa News, 2 Nov 2021

¹⁴ African Risk Capacity, Nov 2021

¹⁵ The Citizen, 3. Nov 2021

¹⁶ The Citizen, 3. Nov 2021

Kabanga on the move

In a milestone for **Tanzania's** mining sector, the mining ministry has granted a special mining licence (SML) for the **Kabanga** nickel project in the **Kagera** region, near the border with Burundi.¹⁷ The ministry granted the SML for the project to **Tembo Nickel** on 27 October. The exploration licence was previously held by Canada-headquartered **Barrick Gold** and Switzerland-headquartered **Glencore**. However, the government revoked the licences as part of its December 2019 decision to begin actively enforcing its ruling to ban retention licences in the sector (see *ARC Briefing Tanzania February 2020*).¹⁸ Retention licences allow companies to request a delay in developing a mining project if global commodity prices make the project unfeasible. The government cancelled all retention licences in 2017 and re-tendered them on the **Mining Commission** website on 19 December 2019. The Mining Commission awarded the re-tendered licence for the Kabanga project to privately owned UK-headquartered **Life Zone**, which subsequently changed its name to **Kabanga Nickel**. Kabanga Nickel incorporated Tembo Nickel to hold the licence in conjunction with the government, which has a 16% stake in the project.

The granting of the SML is likely to trigger significant work at site, including land compensation and additional drilling as the project progresses towards construction. Minerals minister **Dotto Biteko**, speaking at the SML award ceremony, noted that mining will be carried out through underground operations. Production is expected to reach an average of 600,000 tonnes per year in the first five years, increasing to 2.2 million tonnes per year thereafter. Total revenues are projected to average \$228.5m per year, of which 6% is mining royalty (estimated \$1.3 billion); 1% inspection fees (approximately \$219m); annual rents roughly \$33.3m; service levy \$65.7m; dividends from 16% free carried interest shareholding estimated at \$1.4 billion; and withholding tax on 10% dividend.¹⁹ The government expects to collect \$7.5 billion from the project over the next 33 years.

The project is anticipated to create close to 1,000 jobs, although many of these are likely to be concentrated around the construction period and not continue throughout the life of the mine. The granting of the SML is as symbolic as it is significant, with the announcement acting as another sign that Tanzania is open for business.

¹⁷ The Citizen, 28 Oct 2021

¹⁸ The Citizen, 20 Jan 2020

¹⁹ Daily News, 30 Oct 2021

Planner

- 2022 **(Tanzania)** Commencement of construction of **Uganda-Tanzania** oil pipeline
- 2024 **(Tanzania)** Local elections
- 2025 **(Tanzania)** General elections

Chronology

- 4 Nov 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **French-owned Lourve Hotel Group** says it is planning to build a \$20 m hotel in **Dodoma**;
- 2 Nov 2021 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu** speaks at the **2021 United Nations Climate Change Conference** in **Glasgow**;
- 1 Nov 2021 **Dar es Salaam (Tanzania)** *The East African*. **Tanzania** receives its second batch of 1 million **Sinopharm** vaccines from **China**;
- 30 Oct 2021 **Dar es Salaam (Tanzania)** *The East African*. **Germany**-headquartered **HeidelbergCement Africa** confirms it will acquire 68.33% of **Dar es Salaam Stock Exchange**-listed **Tanga Cement** for an estimated Tsh137.33 billion (\$59.61m) by mid next year through its subsidiary, **Scancem International DA**;
- 29 Oct 2021 **Dar es Salaam (Tanzania)** *Daily News*. President **Samia Suluhu** instructs courts to deliver their judgements in Swahili instead of English;
- 28 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. In a milestone for **Tanzania's** mining sector, the mining ministry has granted the special mining licence for the **Kabanga** nickel project;
- 26 Oct 2021 **Dar es Salaam (Tanzania)** *Daily News*. The **German** government announces €71m to assist **Tanzania** with a variety of projects focused on water, tourism, maternal health and gender-based violence;
- 22 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **Parliamentary Accounts Committee (PAC)** announces that state-owned **Tanzania Telecommunications Corporation (TTCL)** is carrying TSh403 billion (\$175 m) in debt and that state-owned **Air Tanzania Company Limited** borrowed money without prior approval from the ministry of finance and planning;
- 21 Oct 2021 **Dar es Salaam (Tanzania)** *Daily News*. The **World Travel Agency** names the **Serengeti** as **Africa's** leading national park;
- 21 Oct 2021 **Dar es Salaam (Tanzania)** *Daily News*. Energy minister **January Makamba** meets with executives from **Norwegian** state-owned oil company **Equinor** to discuss the proposed liquefied natural gas (LNG) project in **Lindi**;
- 20 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Partially state-owned **Air France** announces direct flights from **Paris** to **Zanzibar**;
- 20 Oct 2021 **Dar es Salaam (Tanzania)** *The East African*. **Burundi's** President **Evariste Ndayishimiye** will commence a three-day state visit to **Tanzania** on 22 October;
- 20 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. Messaging service **WhatsApp** has commenced using Swahili as a new language on its social media application;
- 17 Oct 2021 **Dar es Salaam (Tanzania)** *Daily News*. **Tanzania** is set to receive 500,000 doses of **Pfizer** vaccines as part of the **COVAX** alliance;
- 16 Oct 2021 **Dar es Salaam (Tanzania)** *The East African*. State-owned **Air Tanzania** orders five additional planes to enlarge its fleet after announcing that it is commencing direct flights to **Nairobi (Kenya)**, **Bujumbura (Burundi)** and **Lubumbashi (DRC)** in November;

11 Oct 2021 **Kahama (Tanzania)** *The Citizen*. **Canada**-headquartered **Barrick Gold**-owned **Bulyanhulu** mine has received world leading photon assay technology provided by **MSA Labs** to test assay results, the first time this technology has been used in **Africa**;

11 Oct 2021 **Pemba (Tanzania)** *The Citizen*. Opposition party **ACT-Wazalendo**'s **Mohamed Said Issa** wins the **Konde** by-election in **Pemba**;

9 Oct 2021 **Kilimanjaro (Tanzania)** *The Citizen*. **Switzerland**-based airline **Edelweiss** commences direct flights to **Tanzania**;

8 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. State-owned **Air Tanzania** receives two new Airbus A220-300 aircraft;

8 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania** receives 1,065,000 doses of **China's Sinopharm Covid-19** vaccine as part of the **Covax** initiative;

8 Oct 2021 **Dar es Salaam (Tanzania)** *The Citizen*. The **United Kingdom (UK)** removes **Tanzania** from its red list of passenger arrivals;

7 Oct 2021 **Dar es Salaam (Tanzania)** *The East African*. **Tanzanian** novelist **Abdulrazak Gurnah** wins the **Nobel Prize in Literature**;

6 Oct 2021 **Dar es Salaam (Tanzania)** *The East African*. The ministry of health commits to releasing weekly statistics on the status of **Covid-19** in **Tanzania**.

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