

AFRICA RISK CONSULTING

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Tanzania Summary 11 November 2024

The build-up to Tanzania's local elections, to be held on 27 November, continues, with international organisations calling for the government to uphold human rights and democratic ideals in the upcoming election. The International Monetary Fund (IMF) reaches a staff-level agreement with Tanzanian authorities on the fourth review of Tanzania's Extended Credit Facility (ECF) and its first review of its Resilience and Sustainability Facility (RSF). Deputy permanent secretary in the energy ministry James Mataragio discloses that Tanzania is set to auction 26 petroleum exploration blocks in its fifth licensing round in March 2025.

Road to local elections

The build-up to **Tanzania's** local elections, to be held on 27 November, has continued, with international organisations calling for the government to uphold human rights and democratic ideals in the upcoming election. **United States (US)**-headquartered **Human Rights Watch (HRW)** released a report on 16 October, calling on the government to reverse a deteriorating human rights situation in the country ahead of the local elections.¹

The report says Tanzanian authorities have arbitrarily arrested opposition supporters, restricted social media, banned independent media and been implicated in the abduction and even extrajudicial killing of at least eight government critics. Following its release, the **United Nations (UN) Office of the High Commissioner for Human Rights (OHCHR)** also released a broader statement calling on Tanzania to end the escalating human rights violations against the opposition, civil society, journalists, indigenous people and human rights defenders.²

A week after the report was released, on 20 October, opposition party **Chadema** said that unknown people abducted, beat and seriously injured its women's wing publicity secretary, **Aisha Macahno**.³ The reports sparked concerns again, as just a month before, the body of a member of Chadema's secretariat, **Ali Kibao**, had been identified in a morgue. Armed men had abducted him from a bus (*see ARC Briefing Tanzania Sep 2024*).

This clampdown on the opposition ahead of the local elections has drawn parallels with the administration of late former president **John Magufuli** (2015-2021), despite President **Samia Suluhu Hassan** (2021-present) pushing a reformist agenda when assuming the presidency. In the 2019 local elections, the ruling **Chama Cha Mapinduzi (CCM)** won 99% of the seats. Repression under Magufuli was intense at the time and opposition political parties boycotted the elections.⁴ Despite the crackdown, the opposition will be running this year in the key local elections. Local leaders are very influential and are tasked with key duties such as approving land transactions, managing operations related to schools and health services, and organising public meetings, which is how grassroots political support is garnered.⁵

The local elections are viewed as a preview to the 2025 general election and the pressure is on Hassan to perform. Hassan has worked to consolidate power within the factional CCM, even bringing Magufuli

¹ HRW, 16 Oct 2024

² OHCHR, 17 Oct 2024

³ The East African, 21 Oct 2024

⁴ News24, 17 Oct 2024

⁵ News24, 17 Oct 2024; The Chanzo, 21 Oct 2024

allies back into government to garner more support, but with that, appears to have welcomed back a Magufuli-era attitude that has placed her initial – and widely welcomed – democratic advances at risk.

IMF reaches staff-level agreement with Tanzania

The **International Monetary Fund (IMF)** confirmed on 17 October that it had reached a staff-level agreement with Tanzanian authorities on the fourth review of Tanzania's **Extended Credit Facility (ECF)** and the first review of its **Resilience and Sustainability Facility (RSF)**. The IMF recommended a disbursement – subject to IMF executive board approval – of \$265.78m.⁶

The IMF highlighted that momentum in the economy is continuing, with economic growth averaging 5.4% in the first half of 2024, following annual growth of 5.1% in 2023. Growth of 5.4% is expected in 2024.⁷ Annual inflation eased to 3.1% as of September, providing relief to Tanzanians, with the **Bank of Tanzania (BoT)** (central bank) maintaining its 6% policy rate in October to contain inflationary pressures that may emerge. The **Monetary Policy Committee (MPC)** will meet again in January and has committed to adjusting the policy rate in a way that maintains low inflation levels while promoting recovery of economic activity. A rate cut could be expected in January.

The IMF also noted that there has been improved liquidity in the foreign exchange market following a seasonal inflow of **United States (US)** dollars, which has eased the shortage of foreign exchange, but pressure remains.

The current account deficit has improved from 6.5% of GDP in 2022/2023 financial year to 3.1% of GDP in the 2023/2024 financial year thanks to improved exports, lower imports and lower commodity prices. The IMF also commended the improvements in tax revenue collections and adjustments in current spending, which have promoted fiscal consolidation.

Under its RSF arrangement, Tanzania has continued implementing its climate reforms while working on an institutional framework for policies that will help protect the economy from climate change risks.⁸ To this point, the IMF and **World Bank** announced on 10 October that Tanzania would be included in their joint **Enhanced Cooperation Framework for Climate Resilience**, which is based on the IMF's RSF arrangement with Tanzania.⁹ Under this framework, the IMF and World Bank will work with development partners to help support Tanzania's climate reforms.

The disbursement from the IMF will help Tanzania meet budget requirements. The IMF's review also indicates that Tanzania is meeting its required steps under the staff-monitored programme, especially under the RSF arrangement. The next disbursements will be key in funding Tanzania's 2025 budget, which finance minister **Mwigulu Nchemba** said on 1 November is expected to rise to TSh 55.06 trillion (\$20.69 billion) in 2025 and which will be focused on infrastructure development, general election preparation, social services, managing climate change and strengthening production.¹⁰

Tanzania announces next oil licensing round

Deputy permanent secretary in the energy ministry **James Mataragio** attended **African Energy Week (AEW)** in **Cape Town (South Africa)** between 4 and 8 November, during which he disclosed that Tanzania is set to auction 26 petroleum exploration blocks in its fifth licensing round in March 2025. Of the 26 blocks, 23 are offshore in the **Indian Ocean** and three are located in **Lake Tanganyika**.¹¹ Mataragio used his address to encourage investors to partner with the **Tanzania Petroleum Development Corporation (TPDC)** to explore oil and gas potential in the **Eyasi-Wembere, Mnazi Bay North, and Songo Songo West** blocks. To ensure the success of the upcoming round, Mataragio confirmed that the government is close to completing its review of the **Model**

⁶ IMF, 17 Oct 2024

⁷ IMF, 17 Oct 2024

⁸ IMF, 17 Oct 2024

⁹ The East African, 11 Oct 2024

¹⁰ The Citizen, 1 Nov 2024

¹¹ Daily News, 5 Nov 2024

Production Sharing Agreement and other agreements. He added that this will make contractual and fiscal terms more attractive.¹² The agreement has looked at the royalty rate, cost recovery limit, profit oil/gas split, state participation, rental fees, bonuses and taxes.

The announcement comes as Tanzania works to finalise the planned \$42 billion liquefied natural gas (LNG) project in **Lindi Region** which has key project partners in **United Kingdom (UK)**-headquartered **Shell** and **Norway's Equinor**. Mataragio hinted at this during the energy conference, saying that a breakthrough in negotiations could happen in the coming weeks.¹³ Equinor senior vice president **Nina Koch** said at AEW that the company remains committed to the project in Tanzania, which has stalled following disagreements in the **Host Government Agreement (HGA)** between partners. Government said in October that it remains optimistic that the HGA will reach a conclusion by year end, but no further updates have been made available.

The delays in the Lindi gas project, despite the government's efforts to promote that it is working on contractual and fiscal terms, may deter some investors from the upcoming licensing round. Delivering on its promise to finalise the HGA by year end would bolster confidence in the government's promises; however, cabinet has to approve this and, as in most countries, cabinet meetings cease over the December period, leaving government a short time frame within which to conclude and approve the HGA.

Planner

- 19 – 21 Nov 2024 **Dar es Salaam (Tanzania)** Tanzania Mining and Investment Forum
- 27 Nov 2024 **(Tanzania)** Local elections;
- 17 – 21 Dec 2024 **Riyadh (Saudi Arabia)** Tanzania-Saudia Arabia Investment Forum
- 29 – 30 Jan 2025 **Arusha (Tanzania)** East Africa Energy Cooperation Summit
- 5-7 Mar 2025 **(Tanzania)** 11th East African Petroleum Conference and Exhibition 2025 (EAPCE'25)
- Mar 2025 **(Tanzania)** Tanzania to auction 26 petroleum exploration blocks
- 2025 **(Tanzania)** General elections
- 2025 **(Tanzania and Uganda)** Completion of **East African Crude Oil Pipeline (EACOP)**

Chronology

- 11 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **National Bureau of Statistics (NBS)** says the annual headline inflation rate decreased from 3.1% in September to 3% in October ;
- 9 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. Despite the shortage of **United States (US)** dollars easing, manufacturers say they remain concerned about the shortage of Tanzanian shillings in business circulation that has adversely impacted their operations;
- 6 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. Tanzania denies widespread claims that it has stopped offering visas on arrival to foreign nationals;
- 6 Nov 2024 **Dar es Salaam (Tanzania)** *IPP Media*. **Tanzania Petroleum Development Corporation (TPDC)** says the **East African Crude Oil Pipeline (EACOP)** project is nearly halfway complete;
- 5 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. Ruling **Chama Cha Mapinduzi (CCM)** urges candidates who are contesting in the upcoming local government elections to discard complacency as the vote will be tight;
- 5 Nov 2024 **Dodoma (Tanzania)** *Daily News*. Members of parliament (MPs) urge the government to start the implementation of stalled mega projects, including the LNG project in **Lindi Region**, asking it

¹² Daily News, 5 Nov 2024

¹³ Upstream Online, 6 Nov 2024

to apply a similar political will it used to implement the **Standard Gauge Railway (SGR)** and the **Julius Nyerere Hydropower Project (JNHPP)** to implement the LNG project;

4 Nov 2024 **Dar es Salaam (Tanzania)** *Miningmx*. **United States**-based **Pula Graphite Partners** files a \$195m lawsuit against **South Africa**-headquartered **African Rainbow Minerals (ARM)** accusing it of breaching a confidentiality agreement regarding a proposed joint venture to develop a graphite mine in eastern Tanzania;

2 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. Leading Tanzanian gas-to-power company **Songas** officially shuts down its power plant after its **Purchase Power Agreement (PPA)** with **Tanzania Electric Supply Company (Tanesco)** expired on 31 October;

2 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. Minister of state in the president's office for planning and investment **Kitila Mjumbo** says that since **Dubai**-based **DP World** started operations in April at **Dar es Salaam Port**, the government collected TSh 325.3 billion (\$120.89m) from land rent, royalties and wharfage fees between April and September;

30 Oct 2024 **Dar es Salaam (Tanzania)** *X*. President **Samia Suluhu Hassan** left the country yesterday for **Des Moines (United States)** to attend the **Norman E Borlaug International Dialogue** organised by the **World Food Prize Foundation**;

29 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. **National Bureau of Statistics (NBS)** has dismissed claims that the voter roll data is inaccurate and does not align with the 2022 Population and Housing Census (PHC) results;

29 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. Prime minister **Kassim Majaliwa** meets **Russian** economic development minister **Maxim Reshetnikov** in Dar es Salaam, with the two countries contemplating joint projects in energy, agriculture, infrastructure and tourism;

28 Oct 2024 **Dar es Salaam (Tanzania)** *Tip Ranks*. **United Kingdom**-headquartered **Caracal Gold PLC** announces that it has secured a mining licence in Tanzania for the **Kanegele Project** at a cost of \$500,000;

24 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. Vice president **Philip Mpango** calls on potential investors to explore the vast opportunities in Tanzania's geothermal energy sector, emphasising the government's commitment to facilitating investments in the area;

23 Oct 2024 **Dar es Salaam (Tanzania)** *The East African*. Tanzania, **Mozambique**, **Zambia**, **Zimbabwe** and **Malawi** have decided to implement the **Energy Sector Plan**, aiming to increase power generation by over 70% and committing at least \$170 billion in investments over the next 15 years;

22 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. Authorities say over 31 million eligible Tanzanians, representing 94.83% of the government's 32.9 million voter target, have registered for the upcoming local government elections scheduled for 27 November;

22 Oct 2024 **Dar es Salaam (Tanzania)** *IPP Media*. **Tanzania Investment Centre (TIC)** and the **Tanzania Revenue Authority (TRA)** have agreed to form a joint team of experts to address tax-related matters, including investor grievances;

21 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. Government is holding talks with **Chinese** company, **China Overseas Engineering Group (COVEC)**, which has expressed interest in investing upwards of \$1 billion to build ten ring roads in **Dar es Salaam** to ease traffic congestion;

21 Oct 2024 **Dar es Salaam (Tanzania)** *The East Africa*. Opposition **Chadema** reports that unidentified people abducted, beat and seriously injured its women's wing publicity secretary, **Aisha Machano**;

- 21 Oct 2024 **Dar es Salaam (Tanzania)** *CNBC Africa*. Deputy prime minister and energy minister **Doto Biteko** says Tanzania is building a grid interconnector with **Zambia** to help Zambia mitigate its drought-driven power crisis;
- 20 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. **Iran** is set to establish a tractor assembly plant in Tanzania after the two countries' public and private sectors signed over ten memoranda of understanding (MoUs) in **Dar es Salaam** yesterday;
- 17 Oct 2024 **Dar es Salaam (Tanzania)** *IMF*. **International Monetary Fund (IMF)** reaches a staff-level agreement with Tanzania on a review that will make about \$265.8m available to the country;
- 16 Oct 2024 **Dar es Salaam (Tanzania)** *IPP Media*. Minerals minister **Anthony Mavunde** says the government's mining sector revenue collections in the first quarter of the 2024/25 financial year exceeded expectations, with TSh287 billion (\$105m) collected against a target of TSh247 billion (\$90.6m);
- 16 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. The government signs an agreement with **Dar es Salaam**-based **Amsons Group** to invest \$320m to expand the **Mbeya** cement plant located in the **Mbeya** region and construct a new cement plant in **Tanga**;
- 15 Oct 2024 **Dar es Salaam (Tanzania)** *Northern Miner*. **Canada**-headquartered **Barrick Gold** argues in an **Ontario** (Canada) court that allegations of human rights abuses in Tanzania should be decided in a court in Tanzania with local police and its local subsidiary as defendants;
- 13 Oct 2024 **Geita (Tanzania)** *IPP Media*. President **Samia Suluhu Hassan** says at the 7th **Mining and Technology Exhibition** that more than 56% of all foreign currency earnings in 2023 came from the export of minerals, making the sector the dominant foreign exchange earner for the country;
- 12 Oct 2024 **Dar es Salaam (Tanzania)** *Daily News*. The **International Monetary Fund (IMF)** and the **World Bank** have chosen Tanzania as the second country after **Madagascar** to benefit from the **Enhanced Cooperation Framework for Scaled-Up Climate Action** initiative, which aims to address the adverse impacts of climate change on the country;
- 12 Oct 2024 **Geita (Tanzania)** *IPP Media*. Deputy prime minister and energy minister **Doto Biteko** urges Tanzanians to register in large numbers at voter registration centres for the local government elections scheduled for 27 November;
- 9 Oct 2024 **Dar es Salaam (Tanzania)** *Zawya*. Tanzania and **Zanzibar** announce new oil and gas licensing rounds at **Africa Oil Week**, taking place in **Cape Town (South Africa)**;
- 8 Oct 2024 **Dar es Salaam (Tanzania)** *Reuters*. **Norway**-headquartered **Equinor** senior vice president **Nina Koch** says the company remains committed to the \$42 billion liquefied natural gas (LNG) project in Tanzania that has stalled after proposed government changes to a financial agreement reached last year;

About Africa Risk Consulting:

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