

AFRICA RISK CONSULTING

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Tanzania Summary 3 December 2024

The ruling Chama Cha Mapinduzi (CCM) wins 99.01% of seats in the 27 November local election. The election's build-up is marred by suppression of the opposition, which is expected to continue in the build-up to the 2025 presidential election. Canada-headquartered Montero Mining reaches a \$27m settlement with the government over a dispute regarding the expropriation of Montero's Wigu Hill rare earth mine. A four-storey building in Dar es Salaam's Kariakoo area collapses on 16 November, killing 29 people.

CCM dominates local elections

The regional administration and local government ministry announced on 28 November that the ruling **Chama Cha Mapinduzi (CCM)** won 99.01% of seats in the 27 November local election. The main opposition, **Chadema**, won 0.79% and opposition parties – **ACT-Wazalendo**, **Civic United Front (CUF)** and **NCCR Mageuzi** – won less than 0.1%.¹ The local elections are always viewed as a precursor to the presidential elections, scheduled for 2025, but this election was also a test for President **Samia Suluhu Hassan** (2021-present) whose ushering in of democratic reforms has faltered in recent months and in the build-up to the local election.

The opposition was not anticipated to make significant inroads. In 2019, they boycotted the local elections and have thus been unable to garner grassroots support through the over 80,000 local leaders who are elected. However, the challenges the opposition faced in the build-up to the election have once again highlighted the renewed repression in Tanzania.

Chadema deputy chairman **Tundu Lissu** announced on 11 November that most of the party's candidates had been disqualified from the elections, comparing it to the disqualification of candidates in the 2019 local election which Chadema ultimately boycotted.² The CCM appealed to the government to ignore minor mistakes so more candidates could participate.³ While this could be viewed as political goodwill, Lissu reported that in **Dar es Salaam** alone, up to 95% of Chadema's candidates were disqualified, while none of the CCM candidates was disqualified, suggesting a targeted disqualification campaign. Despite the challenges, Mbowe confirmed on 20 November that Chadema would not boycott the elections as in 2019 but that only 33.2% of its remaining candidates would compete after disqualified candidates lost their appeals. Notably, the election was overseen by the ministry of state in the president's office -regional administration and local government (PO-RALG) and not the **Independent National Electoral Commission (INEC)**.⁴

Ahead of the election, Chadema leader **Freedom Mbowe** was briefly arrested on 22 November while at a party rally in **Mlowo (Songwe Region)** which police prevented from happening.⁵ On 20 November, ACT-Wazalendo leader **Dorothy Semu** was also prevented from holding a rally in **Magoza Villa (Pwani Region)**.⁶ Several other party members were held by police at various times in the build-up to the election.

¹ The East African, 30 Nov 2024

² The Africa Report, 26 Nov 2024

³ The Citizen, 12 Nov 2024

⁴ The Africa Report, 26 Nov 2024

⁵ Africanews, 27 Nov 2024

⁶ The Chanzo, 26 Nov 2024

Chadema released a statement on election day, noting that two of its party leaders were murdered on 26 November – **George Juma Mohamed**, its candidate for the position of sub-ward chairman in **Manyoni East Constituency (Singida Region)** and **Steven Chalamila** of **Tunduma Constituency (Songwe)**.⁷ Police confirmed that Mohamed was shot dead after prison officers were called to deal with a clash between Chadema and CCM supporters, firing warning shots that led to his death. Opposition parties also noted election irregularities on election date, reporting fake ballots, authorities refusing to give their election agents letters to allow them to be at polling stations, and other attacks on party officials.⁸ In a statement, Mbowe said:

“The nation once again witness[ed] blatant and shameful misconduct by government authorities working collectively to shamelessly steal the election in favour of CCM and its candidates, even at the expense of Tanzanian lives.”⁹

Following the election, on 1 December, ACT-Wazalendo confirmed that unknown people had abducted its youth wing leader, **Abdul Nondo**, in Dar es Salaam. He was dumped on a beach on 2 December after being beaten.

Overall, this election was reminiscent of the 2019 local election, the precursor to the controversial 2020 presidential election. The CCM is deeply entrenched in Tanzania’s political sphere and following this election’s outcome, it is already unlikely that the CCM will not win in 2025.¹⁰

Tanzania settles Montero Mining dispute

Canada-headquartered **Montero Mining** announced on 20 November that it had reached a \$27m settlement with the Tanzanian government over the dispute regarding the expropriation of Montero’s **Wigu Hill** rare earth mine. The \$27m is payable over three months. The first \$12m payment was made before 20 November, with further payments due on or before 31 January and 28 February 2025.¹¹ Montero lodged a case against the government in January 2020 for \$70m, but said in its statement that the settlement helped to avoid the need for a costly and time-consuming court case and that it has asked the **World Bank’s** tribunal, the **International Centre for Settlement of Investment Disputes (ICSID)**, to suspend proceedings.¹²

Montero commenced exploration at the Wigu Hull project in March 2008 under a prospecting licence and applied for a retention licence in 2015, which was granted in 2015 for a period of five years. In 2017, late former president **John Magufuli** (2015-2021) amended the mining sector legislation, which abolished the legislative basis for the retention licence. Once passed, the new **Mining (Mineral Rights) Regulations 2018** cancelled all previously issued retention licences and resulted in mining rights being appropriated by the government (*see ARC Briefing Tanzania May 2023*). This change has been the basis for several arbitration cases against the government, including **Australia’s Indiana Resources** 2021 claim and Canada’s **Winshear Gold Corp’s** 2020 claim.¹³ Winshear settled with the government in October 2023 for \$30m after previously seeking \$96m and in July 2024, settled with Indiana Resources for \$90m. Indiana Resources was seeking \$109m.¹⁴

Tanzania’s mining sector is not the only sector that has been subject to arbitration. In October, **Mauritius-headquartered Aqua Power** and **Catalysis Capital** filed a \$500m investment arbitration claim against the Tanzanian government, alleging that it has denied them the potential ability to operate the gas-fired power plant it built in Tanzania, violating the Mauritius-Tanzania bilateral investment treaty.¹⁵

⁷ X, 27 Nov 2024

⁸ The Chanzo, 27 Nov 2024

⁹ X, 27 Nov 2024

¹⁰ Source, lawyer, Dar es Salaam

¹¹ Globe News Wire, 20 Nov 2024

¹² Globe News Wire, 20 Nov 2024

¹³ Mining.com, 16 Oct 2023

¹⁴ Mining Weekly, 31 Jul 2024

¹⁵ African Law Business, 17 Oct 2024

It remains in the government's best interests to continue to settle these disputes to avoid drawn-out and expensive court cases and recover its reputation among international investors. These settlement payments are expensive for the Tanzanian budget to absorb, and the previously settled cases are small compared to Aqua Power's filed claim. Defaulting on international arbitration cases and settlements would not bode well for Tanzania's reputation.¹⁶

Kariakoo building collapse kills 29

A four-storey building in Dar es Salaam's **Kariakoo** area collapsed on 16 November, prompting a ten-day rescue operation. On 26 November, when the rescue operation ended, it was confirmed that 29 people had died in the collapse and 88 others were injured.¹⁷ Following the collapse, President Hassan directed prime minister **Kassim Majaliwa** to form a team that would inspect all buildings in Kariakoo to assess their structural integrity and ensure compliance with building regulations.¹⁸

Hassan further promised that the government would disclose the findings and recommendations of the team and demolish substandard buildings if necessary. Kariakoo is one of Dar es Salaam's busiest areas, densely populated and well-known for the **Kariakoo Market**, with indications that building regulations and health and safety are not always enforced.¹⁹

This appears to be a systemic issue in Tanzania. In 2006, the **Chang'ombe Village Inn** in Dar es Salaam's **Keko** area collapsed, killing one person and injuring several others. An investigation at the time found that of 505 buildings inspected, 147 lacked official construction documentation, 81 violated construction regulations and 22 were built without traceable ownership.²⁰ No follow-up action was ever taken.

Hassan noted that the Kariakoo building collapse represents a failure at multiple levels of governance, but the government's previous lack of action around such issues has raised concern over the follow through on this disaster.

2025 outlook

2025 will be dominated by Tanzania's presidential election, expected towards the end of the year. Hassan's administration will enter a 'lame duck' period where focus is on campaigning and preparation for the election, but no significant policy movements or projects are expected during this period. Following the local election and recent democratic backsliding, the international community is likely to be watching for further suppression of the opposition. Tanzania's **International Monetary Fund (IMF)** programme is expected to continue to progress well, as is the economy, with expected economic growth of around 5.7%. Tanzania's investment environment remains challenging, but investment inflows are expected to continue increasing, especially as it becomes clear that Hassan will win the election and offer some political stability.

Planner

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)**

¹⁶ Source, business consultant, Dar es Salaam

¹⁷ Africanews, 27 Nov 2024

¹⁸ The Citizen, 27 Nov 2024

¹⁹ Source, business consultant, Dar es Salaam

²⁰ The Citizen, 27 Nov 2024

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

1 Dec 2024 **Dar es Salaam (Tanzania)** *Daily News*. Prime minister **Kassim Majaliwa** says that as Tanzania and **China** look to the future of their partnership, renewable energy technology and climate change mitigation will be key drivers of the next phase of cooperation;

27 Nov 2024 **Dar es Salaam (Tanzania)** *Reuters*. **Tanzania Ports Authority (TPA)** director general **Plasduce Mbossa** says Tanzania plans to honour its contracts with **India's Adani Group** despite a **United States** indictment of its billionaire chairman **Gautam Adani** on accusations of bribery and fraud;

26 Nov 2024 **Dar es Salaam (Tanzania)** *Reuters*. **Canada's Barrick Gold** says the **Ontario Superior Court** has dismissed a case against the miner brought by Tanzanian residents on security incidents in the country, as the courts lacked jurisdiction to consider the claims;

26 Nov 2024 **Dar es Salaam (Tanzania)** *Africa Oil + Gas Report*. **Zanzibar** has added two new onshore blocks to Tanzania's hydrocarbon offerings in the ongoing bid round, which initially included eight offshore blocks offered to international investors in March;

26 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. A delegation of 40 business investors from **Belgium** is in Tanzania to explore investment opportunities in agriculture, livestock, fisheries and industrial sectors;

24 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. Ruling party **CCM's** secretary for ideology, publicity and training, **Amoss Makalla**, has expressed confidence in a landslide victory in local government elections scheduled for 27 November, citing the public's trust in the party;

23 Nov 2024 **Dar es Salaam (Tanzania)** *Africanews*. Main opposition party **Chadema** leader **Freeman Mbowe** has been released on bail after being arrested yesterday, reportedly linked to a gathering ahead of the 27 November local government elections;

23 Nov 2024 **Dar es Salaam (Tanzania)** *The East African*. Main opposition party **Chadema** is reportedly embroiled in infighting ahead of local elections on 27 November;

21 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. The first-ever consignment of avocados from Tanzania to **China**, weighing 24 metric tonnes, has arrived in the **Asian** country, opening new markets for thousands of local smallholder farmers and exporters;

21 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. Tanzania has entered into a strategic partnership with the **Geological Survey of Finland (GTK)** to leverage **Finnish** expertise to improve local mineral exploration, promote sustainable mining practices and attract foreign investment;

21 Nov 2024 **Dar es Salaam (Tanzania)** *X. Australian High Commission* says that according to a recent estimate from the Tanzanian government, mining contracts signed with **Australian** companies in the past two years are valued at over TSh10 trillion (\$3.6 billion);

20 Nov 2024 **Addis Ababa (Ethiopia)** *Bloomberg*. State utility **Ethiopian Electric Power** spokesperson **Moges Mekonnen** says Ethiopia plans to export about 100 megawatts of electricity to **Tanzania** via **Kenya** once the countries finalise a deal that will enable cross-border trade in electricity;

20 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. **Zanzibar** President **Hussein Ali Mwinyi** attends the heads of state summit in **Harare (Zimbabwe)** to discuss insecurity in eastern **Democratic Republic of the Congo (DRC)** and **Mozambique's** post-election violence;

19 Nov 2024 **Dar es Salaam (Tanzania)** *Bloomberg*. The **Tanzania Investment Centre (TIC)** says foreign investment in Tanzania is expected to grow by a third next year, from \$2.2 billion in 2023 to around \$2.5 billion this year and \$3 billion in 2025, as President **Samia Suluhu Hassan's** pro-business stance helps reverse the impact of her predecessor's policies that antagonised investors;

19 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** holds talks with **Egypt's** President **Abdel Fattah El-Sisi** on the sidelines of the **G20 Summit in Rio de Janeiro (Brazil)**;

19 Nov 2024 **Dar es Salaam (Tanzania)** *IPP Media*. The **European Union (EU)** has provided €2.5m (\$2.6m) for a clean energy access pilot project in 17 districts across six regions;

18 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** and **South African** counterpart, **Cyril Ramaphosa**, engage in bilateral talks in **Rio de Janeiro (Brazil)** ahead of the **G20** leaders summit;

16 Nov 2024 **Dar es Salaam (Tanzania)** *State House*. President **Samia Suluhu Hassan** arrives in **Rio de Janeiro (Brazil)** to attend the **G20** summit;

15 Nov 2024 **Dar es Salaam (Tanzania)** *IPP Media*. The **Tanzania Mining Commission (TMC)** says it has successfully issued 54,626 mineral extraction-related licences over the past seven years;

14 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. A recent survey by the pan-African nonpartisan research network **Afrobarometer** reveals that 67% of Tanzanians believe the country is heading in the right direction, with a significant majority expecting economic improvement in the coming year;

14 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. Government says it has secured funding for the construction of a section of the **Standard Gauge Railways (SGR)**, linking Tanzania with **Burundi**;

14 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. **East African Crude Oil Pipeline (EACOP)** coordinator from the **Tanzania Petroleum Development Corporation (TPDC)**, **Asidi Mrutu**, says that the project has reached a critical milestone, with construction now 47.1% complete, bringing it closer to becoming a vital link for transporting **Uganda's** oil to international markets via Tanzania;

13 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Israel** has expressed its willingness to assist Tanzania in desalinating **Indian Ocean** waters to meet growing human, domestic and industrial needs, particularly in coastal areas such as **Tanga** and **Dar es Salaam**;

13 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Arusha-based East African Business Council (EABC)** says that data from the **International Trade Centre** indicates that the value of goods Tanzania exports to other **African** countries has reached \$2.65 billion, nearly double the value of imports the country receives from the continent;

13 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. Vice president **Philip Mpango** has called on the **29th Conference of the Parties (COP29)** to prioritise clean cooking energy in the discussions on mobilising climate change financing;

12 Nov 2024 **Dar es Salaam (Tanzania)** *Daily News*. **Tanzania Electric Supply Company Limited (TANESCO)** board vice chairperson **Zuhura Bundara** has called on the **Tanzania Geothermal Development Company** to push for the generation of 5,000 megawatts of electricity from 52 identified geothermal sites;

12 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Confederation of Tanzania Industries (CTI)** chairman **Paul Makanza** says the **United States (US)** dollar situation in Tanzania has improved significantly in recent weeks due to a steady increase in foreign exchange earnings from tourism, gold and exports, among other factors.

12 Nov 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Public-Private Partnership Centre (PPPC)** executive director **David Kafulila** says Tanzania is mobilising at least \$9 billion in private capital to kickstart mega projects under the Public-Private Partnership (PPP) framework;

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