

## AFRICA RISK CONSULTING

### Tanzania Monthly Briefing January 2025

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#### Tanzania Summary 10 January 2025

**Main opposition party Chadema faces a new political future after vice chairman Tundu Lissu announces his intention to challenge current chairman Freedom Mbowe for the party's chair in the upcoming intra-party elections. The European Union (EU) bans Air Tanzania from operating within its airspace due to safety concerns, stalling Air Tanzania's expansion plans. The new 510-km 400 kilovolt (kV) transmission line linking Tanzania and Kenya is complete, marking a significant step in Tanzania's integration into the Eastern Africa Power Pool (EAPP).**

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#### Opposition fragments

Tanzania's main opposition party, **Chadema**, has entered a period of re-organisation following the local elections in November and ahead of the presidential election later this year. Chadema vice chairman **Tundu Lissu** declared his bid for party chair on 12 December, while current chairman **Freeman Mbowe** – who has led the party for 20 years – confirmed on 21 December that he would be seeking re-election, potentially splitting the party ahead of its intra-party elections on 21 January.<sup>1</sup> Prior to his announcement, Mbowe had requested 48 hours to reflect on his political future, meeting with regional leaders who seemingly convinced Mbowe to stand for chairman once again.<sup>2</sup>

In a televised interview, Lissu sought to downplay rumours of his decision being a result of infighting, noting that it does not reflect any animosity between him and Mbowe but is rather another step in Chadema's democratic processes.<sup>3</sup> However, his decision appears to suggest otherwise; in an interview that aired on 3 January, Mbowe implied that Lissu's decision was a surprise and contrary to an agreement between Lissu and Mbowe in which Lissu said he would run as vice chairman again.<sup>4</sup> Lissu on 6 January told a press conference that Mbowe had lied and that the two had spent three days in mediation, deciding who should run for what position, during which Mbowe had reportedly maintained that he was uncertain if he would run again as chairman. The two have openly attacked each other in intra-party election campaigning. The underlying issue appears to be the future of Chadema and how to run the party, especially in the run up to the presidential election, with Lissu stating in an interview:

*"So, if the conversion [conversation] is about saving the party, the saviour cannot be someone who has led the party for 21 years. It has to be someone else, if the intention is indeed to bring about changes within the party."<sup>5</sup>*

While a change in opposition leadership may be necessary to challenge the dominance of the ruling **Chama Cha Mapinduzi (CCM)**, especially after its overwhelming 99% victory in the November local elections, the latest developments in the race for party chair have prompted concerns that the opposition is fragmented. Exacerbating any internal divisions would impact Chadema's chance of presenting a strong and unified opposition in the upcoming election. If Mbowe wins the election, Lissu may launch his own political party, but this would fragment the opposition even further and leave little space for a challenge to the CCM's entrenched position in Tanzanian politics.

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<sup>1</sup> The Citizen, 21 Dec 2024

<sup>2</sup> The Citizen, 19 Dec 2024

<sup>3</sup> The Citizen, 19 Dec 2024

<sup>4</sup> The Chanzo, 9 Jan 2025

<sup>5</sup> The Chanzo, 9 Jan 2025

Two other members – **Odero Charles Odero** and **Romanus Mapunda** – are also running for the chairperson position but the final competition is likely to be between Lissu and Mbowe. The outcome will determine Chadema’s path in the run-up to the presidential election later this year.

### EU bans Air Tanzania

The **European Union (EU)** released its latest **Air Safety List** on 13 December, officially banning **Air Tanzania** from operating within its airspace due to safety concerns. The EU withheld **Third Country Operator (TCO)** authorisation from Air Tanzania, which it needs to operate within the EU’s airspace. Air Tanzania currently does not operate any flights within the EU, but Tanzania had been in talks to begin operating flights, specifically to **London (United Kingdom)**.<sup>6</sup> The ban negatively impacts these expansion plans.

Air Tanzania’s exclusion from TCO authorisation causes reputational harm, as it signals to the public and industry stakeholders that the EU regards Air Tanzania’s safety standards to be subpar. Government spokesperson **Gerson Tsigwa** confirmed that Tanzania is in talks with the EU to correct course and obtain the necessary licences to allow it to operate in the EU.<sup>7</sup>

Air Tanzania is a key part of the government’s national development plan. The aviation sector’s contribution to GDP increased from 0.8% in 2018 to 2.5% in 2023, indicative of its potential. The airline currently serves 26 destinations across ten countries, with international destinations including **Dubai (United Arab Emirates)**, **Mumbai (India)** and **Guangzhou (China)**.<sup>8</sup> Establishing a route to **Europe** would also help the airline to expand to **North America**. Despite its potential, there is stiff competition in the aviation sector and high operating costs have led to Air Tanzania often operating at a loss. The initial plan was for the network growth to boost profits, but significant reforms are now required to have Air Tanzania removed from the Air Safety List.

### Electricity line with Kenya completed

Deputy prime minister and energy minister **Doto Biteko** confirmed on 11 December that the new 510-km 400 kilovolt (kV) transmission line linking Tanzania and **Kenya** was complete, marking a significant step in Tanzania’s integration into the **Eastern Africa Power Pool (EAPP)**. The EAPP is a regional institution established in 2005 to co-ordinate cross-border power trade and grid interconnection in **East Africa**.<sup>9</sup> The new line extends from the **Isinya** substation (Kenya) to **Arusha (Arusha Region)** and links Arusha to the **Singida** substation (**Singida Region**).<sup>10</sup> The line will also stretch from the Isinya substation to **Ethiopia** and on the Tanzanian side will connect to **Zambia**. This is a significant addition, as it will link the EAPP to the **Southern African Power Pool**, of which Zambia is a member. Construction in Tanzania included 414km of the line from the **Namanga** border to Singida, an extension of the Singida substation, as well as the construction of the Arusha substation.<sup>11</sup>

The new line will allow power exchange between Kenya and Tanzania while giving Tanzania the option to export and import power. In November, Ethiopia announced that it had signed a **Power Purchase Agreement (PPA)** between its **Ethiopian Electric Power (EEP)** and **Tanzania Electricity Supply Company Limited (Tanesco)** for the export of 100MW of power, with this amount set to increase to 200MW over the next three years. Kenya will facilitate the agreement by allowing the power to be transmitted through its transmission network, allowing it to earn revenue from the deal.<sup>12</sup>

<sup>6</sup> Source, business consultant, Dar es Salaam

<sup>7</sup> The East African, 14 Dec 2024

<sup>8</sup> Travel News Africa, 12 Dec 2024

<sup>9</sup> EAPP, accessed 10 Jan 2025

<sup>10</sup> The Citizen, 12 Dec 2024

<sup>11</sup> ESI-Africa, 17 Dec 2024

<sup>12</sup> ESI-Africa, 17 Dec 2024

The EAPP member states announced on 9 December during the **EAPP Regional Trade Conference** that they intend to launch a centralised energy market in 2025. The latest launch is an example of how the EAPP plans to achieve this. The new transmission line and the wider EAPP trade plans will allow Tanzania to boost its renewable energy mix, helping to achieve Tanesco's goal of a 40/60 mix of renewable and non-renewable energy production this year.<sup>13</sup>

## Planner

21 Jan 2025 **(Tanzania) Chadema** intra-party elections  
 29-30 Jan 2025 **Arusha (Tanzania) East Africa Energy Cooperation Summit**  
 5-7 Mar 2025 **(Tanzania) 11<sup>th</sup> 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

9 Jan 2025 **Dodoma (Tanzania) The Citizen**. Transport minister **Makame Mbarawa** announces upgrades to the northern railway line as part of a general effort to improve efficiency and infrastructure around **Tanga** port;

8 Jan 2025 **Dar es Salaam (Tanzania) CNBC Africa**. **Bank of Tanzania** (central bank) leaves its key interest rate at 6% for a third consecutive meeting;

6 Jan 2025 **Dar es Salaam (Tanzania) Club of Mozambique**. President **Samia Suluhu Hassan** chairs a **Southern African Development Community (SADC)** security meeting over **Mozambique**;

24 Dec 2024 **Dar es Salaam (Tanzania) Business Insider Africa**. Tanzania cancels bank charges on card payments to encourage more digital transactions;

18 Dec 2024 **Dar es Salaam (Tanzania) Reuters**. Finance minister **Mwigulu Nchemba** and **Bank of Tanzania** (central bank) governor **Emmanuel Tutuba** forecast economic growth of 6% in 2025, up from 5.4% in 2024;

18 Dec 2024 **Dar es Salaam (Tanzania) Daily News**. Tanzania and **Oman** have signed a landmark agreement aimed at eliminating double taxation, preventing tax evasion and strengthening bilateral ties;

16 Dec 2024 **Dar es Salaam (Tanzania) The Citizen**. **United States (US)** rating agency **Fitch Ratings** has maintained Tanzania's rating at B+ with a stable outlook, citing the country's robust economic growth, low inflation and moderate government debt levels as key strengths;

14 Dec 2024 **Dar es Salaam (Tanzania) The Citizen**. National carrier **Air Tanzania** has been placed on the **European Union (EU)'s Air Safety List**, effectively banning the airline from operating within the EU, even though it currently does not operate any flights to the European region;

13 Dec 2024 **Dar es Salaam (Tanzania) Reuters**. The **International Monetary Fund (IMF)** says its executive board has completed a fourth review under an **Extended Credit Facility (ECF)** loan arrangement with Tanzania, allowing for an immediate disbursement of about \$148.6m;

13 Dec 2024 **Dar es Salaam (Tanzania) Dubai media office**. **Dubai International Chamber** concludes a trade mission to Tanzania, having facilitated 408 business meetings between companies from Dubai and Tanzania and signing an agreement with the **Tanzania Chamber of Commerce, Industry and Agriculture** to enhance cooperation and promote trade and investment;

<sup>13</sup> Agence Française de Développement, 25 Jun 2024

12 Dec 2024 **Dar es Salaam (Tanzania)** *IPP Media*. Opposition **Chadema** vice chairman **Tundu Lissu** pushes for constitutional reform, stating that Chadema should not participate in the 2025 election without these changes, and announces his candidacy for Chadema's chairman role, seeking to replace **Freedom Mbowe**;

11 Dec 2024 **Dar es Salaam (Tanzania)** *IPP Media*. **Uganda's** high commission in Tanzania expresses satisfaction with the ongoing progress of the **East African Crude Oil Pipeline (EACOP)** project, with reports that the offshore oil export terminal has reached 60% construction completion;

11 Dec 2024 **Dar es Salaam (Tanzania)** *The Chanzo*. Tanzania and **European Union (EU)** hold their first partnership dialogue under the **Samoa Agreement**, during which Tanzania requests support under the **European Peace Facility** to support its peace and security initiatives;

10 Dec 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania Human Rights Defenders Coalition (THRDC)** reports that it has registered 65 abductions of human rights defenders this year and calls for greater legal protection;

8 Dec 2024 **Dar es Salaam (Tanzania)** *Eastleigh Voice*. **Kenya Electricity Commission Company** managing director **John Mativo** confirms that Kenya and Tanzania will start cross-border electricity trade on 11 December, with the \$309.26m transmission line connecting the two countries going live;

8 Dec 2024 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** shuffles her cabinet, notably moving constitutional and legal affairs minister **Palamagamba Kabudi** to take over an expanded information, culture, arts and sports ministry and replacing him with Dr **Damas Ndumbaro**;

7 Dec 2024 **Dar es Salaam (Tanzania)** *Daily News*. Constitutional and legal affairs minister **Palamagamba Kabudi** says Tanzania needs a special body for contracts management in a bid to get rid of civil disputes in international courts, adding that scarcity of legal experts specialised in negotiation is landing the government in arbitration issues;

6 Dec 2024 **Dar es Salaam (Tanzania)** *Daily News*. Vice-president **Philip Mpango** says the government is actively engaged in discussions on its potential participation in developing the **Lobito Corridor**;

4 Dec 2024 **Dar es Salaam (Tanzania)** *Daily News*. Tanzania and the **United Arab Emirates (UAE)** mark 50 years of diplomatic relations, with new areas of cooperation expected to emerge, including deep-sea fishing, the blue economy and vaccine development;

4 Dec 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania Investment Centre (TIC)** executive director **Gilead Teri** says the body has exceeded its 2023/24 goals by drawing a substantial \$3.5 billion in foreign direct investment (FDI) and \$3.1 billion in domestic direct investment (DDI), far exceeding its original \$1 billion and \$0.7 billion targets, respectively;

### About Africa Risk Consulting:

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