

## AFRICA RISK CONSULTING

### Tanzania Monthly Briefing August 2022

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#### Tanzania Summary 8 August 2022

*The Tanzania Energy Congress takes place at the Julius Nyerere International Conference Centre in Dar es Salaam between 3 and 4 August, bringing together major stakeholders across the energy sector. The conference highlights key developments in Tanzania's energy sector including progress on the East African Crude Oil Pipeline (EACOP), the liquified natural gas (LNG) project, upstream oil and gas operations and proposed renewable projects. The Farm Clinic Symposium takes place in Mbeya on 4-5 August, further highlighting the central role of agriculture to Tanzania's economy. The event brought together agricultural stakeholders and saw a keen focus on the sector's sustainability and the need for additional funding for agri-businesses. The health ministry on 18 July confirms an outbreak of Leptospirosis in the Lindi region of southern Tanzania.*

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#### Africa Energy Congress takes place in Dar es Salaam ...

The **Tanzania Energy Congress** took place at the **Julius Nyerere International Conference Centre** in **Dar es Salaam** between 3 and 4 August.<sup>1</sup> The congress titled "*The Next Phase in Tanzania's Energy Sector: Promoting Investment & Growth*" was attended by 1,000 attendees, 100 exhibitors and high-level representation from the government of **Tanzania**. Prime minister **Kassim Majaliwa**, foreign affairs and east **African** cooperation minister **Liberata Mulamula** and energy minister **January Makamba** were all in attendance. Key sponsors included local energy company **PanAfrican Energy**, **United Kingdom**-headquartered **Shell Plc** and **Norway**-headquartered **Equinor**. Amongst attendees, however, there was a sense that the number of attendees and exhibitors was lower than anticipated.

The conference aimed to highlight key developments in Tanzania's energy sector including progress on the **East African Crude Oil Pipeline (EACOP)**, the **liquified natural gas (LNG)** project, upstream oil and gas operations and proposed renewable projects. Despite the holding of the conference, key milestones for EACOP and LNG remain unknown.

The energy ministry signed a non-legally binding framework agreement on 11 June with Shell and Equinor for the proposed \$30 billion LNG project (*See ARC Briefing Tanzania Jul 2022*).<sup>2</sup> The event was attended by President **Samia Suluhu Hassan** (2021-present), senior government officials, and senior executives from both companies. However, the legally binding **Host Government Agreement (HGA)** still needs to be signed. The HGA will provide a framework for all matters including taxation and government participation in the project.

President Suluhu issued a directive on 23 June requiring the completion of the HGA negotiations between the Tanzania **Government Negotiation Team (GNT)** and the two international oil majors within the next six months.<sup>3</sup> Despite the directive, anecdotal information from the investors indicates that the negotiations are more likely to conclude in the first half of 2023, pushing back the proposed 2025 final investment deadline.

There also remain concerns regarding the funding of the EACOP. The project will cost \$3.5 billion and see the construction of a 1,443km pipeline that will seek to bring oil from **Hoima, Uganda** to the port of **Tanga** in northern Tanzania. The project is being developed by **French**-headquartered

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<sup>1</sup> The Citizen, 4 Aug 2022

<sup>2</sup> The Citizen, 11 Jun 2022

<sup>3</sup> The Citizen, 23 Jun 2022

**TotalEnergies** and the **China National Offshore Oil Corporation (CNOOC)**, with additional investments made by the governments of Tanzania and Uganda via their national oil companies.

A concerted campaign by a lobby group comprising of over 260 organisations under the banner of **StopEACOP**, with signatories including the **Climate Aid Initiative**, **Friends of the Earth US** and the **Rainforest Action Network**, wrote to potential funders of the project in March 2021 urging them not to construct the pipeline, citing negative environmental impacts. Land compensation is already underway, large work packages have been awarded and tenders continue to be released for the pipeline, but it remains unclear as to who will fund the project in the face of such a well organised lobbying campaign. It is suspected that CNOOC and other Chinese funders may come to the table, which could, in turn, see many of the major contracts be awarded to Chinese companies, both private and state-owned.

Whilst there is clear progress in the country's energy sector, and Makamba continues to push the president's agenda on advancing these key projects, major questions regarding their timing and viability remain unanswered.

### ... Farm Clinic Symposium takes place to promote agriculture

The **Farm Clinic Symposium**, launched by prime minister Kassim Majaliwa and agriculture stakeholders, took place in **Mbeya** on 4 and 5 August. The event was organised by the agricultural ministry, leading local print media company, **Mwananchi Communications Limited** and **South Africa**-headquartered **Vodacom**. The event brought together agricultural stakeholders and saw a keen focus on the sector's sustainability and the need for additional funding for agri-businesses. Speaking at the event, **Aspires Tanzania** advisor **David Nyange** noted:

*"We're working to reduce policy evidence gap and establish foundation for more inclusive, transparent and sustainable processes of policy formulations in the agriculture sector."*<sup>4</sup>

There is a hope that the national census scheduled for 23 August will assist to bring more data around the agriculture sector and those employed by it, in both a formal and informal manner. During the symposium, the **Tanzania Ports Authority (TPA)** additionally stressed the importance of efficiencies in the port of Dar es Salaam to allow for the timely export of avocados to **European** markets. TPA operations office **Denis Mapunda** noted that:

*"Most avocado growers use the Mombasa Port for avocado transportation. In order to reverse the trend, we are using the exhibitions to raise awareness so that farmers start using the Dar es Salaam Port."*<sup>5</sup>

The comment is timely as the transport ministry is currently in negotiations with port managers of the **Tanzania International Container Terminal Services Ltd (TICTS)** over the potential extension to their contract that finishes in September. The government is drawing these negotiations out, likely to try to get a favourable rate from the port managers, however, there is also no tender or second choice currently available to the government.

The importance of an efficient port in Dar es Salaam will only increase, particularly as agriculture exports continue to rise. Tanzania's avocado sector is one such example, with 10,000 farmers in Tanzania producing avocados, positioning Tanzania as the third largest producer of avocados in Africa behind South Africa and **Kenya**.<sup>6</sup> A lack of cold chain logistics solutions, both at **Julius Nyerere International Airport** and at the Dar es Salaam port results in many companies exporting to Europe via Kenya's **Jomo Kenyatta International Airport**. Agriculture minister, **Hussein Bashe**, has stated

<sup>4</sup> The Citizen, 5 Aug 2022

<sup>5</sup> The Citizen, 7 Aug 2022

<sup>6</sup> Tanzania Invest, 2021

his desire to introduce an express corridor through ports and airports for perishable goods but this has not yet materialised.<sup>7</sup>

The agricultural sector is vital for the Tanzanian economy, comprising approximately 25% of GDP and 85% of exports. Despite its importance, the sector has long been faced with a lack of infrastructure support and underfunding from the government, leading to many in the sector being relegated to small scale, and often inefficient farming measures. It is hoped that events such as the symposium will help further highlight the gaps in the sector and where government and donors can intervene, agriculture is likely to continue to present an under realised opportunity for the Tanzanian economy.

### Health concerns in southern Tanzania ...

On 18 July, the health ministry confirmed 20 cases of **Leptospirosis** in the **Lindi** region of southern Tanzania.<sup>8</sup> Leptospirosis is a bacterial disease carried by rodents and is spread through direct contact with urine from infected animals or through water, soil or food contaminated with their urine. The confirmation came after reports circulated on social media of citizens around Lindi having symptoms such as nosebleeds, fever, and fatigue. The health ministry tested for several diseases, given the range of symptoms, including **Ebola**, **Covid-19**, and **Marburg**. Health minister, **Ummu Mwalimu** stated the following on 18 July while assuring residents of Lindi:

*"I would like to inform the public that sample testing from patients has confirmed the outbreak is leptospirosis field fever or 'homa ya Mgunda' as it is known in Swahili."*<sup>9</sup>

One theory as to what caused the outbreak is that the increased mixing of animals and humans is being brought about by increasing environmental degradation in the region. Virologist **Cecilia Mville** at **Kibong'oto Infectious Diseases Hospital** in Kilimanjaro noted:

*"It is important to understand the interaction of different species and how they are driving the transmission of zoonotic diseases. Many animal species including rodents can harbour pathogens without being affected themselves,"*<sup>10</sup>

There have been no additional cases reported since the initial outbreak, but the health ministry says it is continuing to monitor the situation in Lindi and the surrounding regions.

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<sup>7</sup> RATIN, 7 Apr 2022

<sup>8</sup> The East African, 19 Jul 2022

<sup>9</sup> The East African, 19 Jul 2022

<sup>10</sup> Anadolu Agency, 20 Jul 2022

## Planner

- 8 Aug 2022 (**Tanzania**) Nane Nane (national holiday)
- 2022 (**Tanzania**) Commencement of construction of **Uganda-Tanzania** oil pipeline
- 2024 (**Tanzania**) Local elections
- 2025 (**Tanzania**) General elections

## Chronology

- 4 Aug 2022 **Dar es Salaam (Tanzania)** *The Citizen*. CEO of the **Tanzania National Business Council (TNBC)**, **Godwill Wanga** predicts that tourism will account for as much as 19.5% of GDP by the 2025/26 financial year;
- 3 Aug 2022 **Dar es Salaam (Tanzania)** *The Citizen*. Vice-president **Philip Mpango**, during his visit to the **Nane Nane Fair**, pleads for more banks to fund agriculture projects;
- 3 Aug 2022 **Dar es Salaam (Tanzania)** *The East African*. Retail fuel prices increase in **Dar es Salaam** and now stand at Tsh 3,410 (\$1.48) per litre for petrol and Tsh 3,322 (\$1.42) for diesel;
- 2 Aug 2022 **Dar es Salaam (Tanzania)** *The Daily News*. **Zambian** president **Hakainde Hichilema** arrives in **Tanzania** for a two-day state visit;
- 29 Jul 2022 **Dar es Salaam (Tanzania)** *The Citizen*. The tourism ministry announces it is considering a one-stop shop for businesses looking to invest in tourism;
- 28 Jul 2022 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu** reshuffles the regional commissioners, dropping 10 regional commissioners as part of the exercise;
- 22 Jul 2022 **Dar es Salaam (Tanzania)** *The East African*. President **Samia Suluhu** and her **Kenyan** counterpart, **Uhuru Kenyatta**, officially opened the **Arusha** bypass road as part of the **Arusha-Holili-Taveta-Voi** corridor to connect **Tanzania** and **Kenya**;
- 21 Jul 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Kenya's** energy regulator the **Energy and Petroleum Regulatory Authority (EPRA)** has frozen plans by **Tanzanian** company **Taifa Gas** to set up a gas plant in **Mombasa**;
- 20 Jul 2022 **Dar es Salaam (Tanzania)** *The Daily News*. President **Samia Suluhu** appoints **Camillus Wambura** as the new **Inspector General of Police** with the former head of police **Simon Sirro** appointed as **Tanzania's** ambassador to **Zimbabwe**;
- 20 Jul 2022 **Dar es Salaam (Tanzania)** *The Citizen*. **Oxford English Dictionary** adds **Swahili** words including chips mayai, daladala, and Bongo Flava;
- 19 Jul 2022 **Dar es Salaam (Tanzania)** *IMF*. **International Monetary Fund** approves a \$1.04 billion, 40-month Extended Credit Facility loan arrangement for **Tanzania**, with an immediate disbursement of about \$151.7m;
- 19 Jul 2022 **Dar es Salaam (Tanzania)** *The East African*. The health ministry confirms 20 cases of **Leptospirosis** in the **Lindi** region of southern **Tanzania**;
- 12 Jul 2022 **Dar es Salaam (Tanzania)** *Ecofin Agency*. **International Finance Corporation** announces a disbursement of \$105m to improve credit access for small and medium-sized enterprises in **Tanzania** and **Burundi**;

11 Jul 2022 **Dar es Salaam (Tanzania)** *The Daily News*. **Tembo Nickel** signs a corporate social responsibility plan with the government in advance of construction of the nickel mine;

### About Africa Risk Consulting:

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