



LYSON LAW GROUP

Advocates & Legal Consultants

ENERGY TRANSITIONS AND INVESTMENT OPPORTUNITIES IN TANZANIA



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A SNEAK PREVIEW OF 2025 AND BEYOND



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1. INTRODUCTION

Tanzania on the 27th and 28th of January, 2025 rolled out the red carpet for guests at a summit hailed as the “**Mission 300 Africa Energy Summit**” an initiative aimed at providing universal energy access to all Africans by the year 2030 sponsored by the African Union in partnership with the Government of Tanzania, the World Bank, and the African Development Bank (AfDB). At the conference, speakers celebrated the strides attained by Tanzania in her energy solutions and transition.

The summit recapped that the African energy landscape is undergoing remarkable transformation and therein is the motivation of this article which points out investment opportunities in the Tanzanian energy sector.

The opportunities for energy transitions in Tanzania include Solar Power: Tanzania has high solar potential, particularly in rural areas. Investments in mini-grids and off-grid solar solutions can enhance energy access. Wind Energy transition opportunities are plenty in places like Singida and Kititimo which have been identified to have strong wind potential. Expanding wind farms can diversify the energy mix in the country.

Even more Hydropower opportunities will be created by the ongoing Julius Nyerere Hydropower Project across Rufiji River at the Stiegler’s in Pwani Region and other small-scale hydro projects can increase renewable energy generation capacity. The capacity of Geothermal energy is also abundant in Tanzania with significant geothermal potential, especially around the Rift Valley, presenting great investment opportunities.



Tanzania's energy sector presents significant opportunities for investment as the country continues to undergo an energy transition aimed at achieving reliable, sustainable, and affordable energy. After the just-ended energy summit, we present a detailed overview of the energy landscape and investment opportunities in the Tanzanian energy sector while calling on potential investors to take these opportunities that come with guaranteed returns on investments:



2. ENERGY TRANSITION IN TANZANIA

Development Partners including the world Bank who attended the just concluded energy summit lauded Tanzania as a role model for other African countries in ensuring universal access to electricity. Most notably the partners admit that Tanzania has strived to supply electricity to remote villages and are still making all efforts at connecting hamlets to the national power grid.

Tanzania's energy transition is focused on increasing access to electricity, diversifying energy sources, and meeting the growing energy demand driven by economic growth and population expansion. The government aims to achieve universal access to electricity by 2030 and reduce reliance on biomass, which still accounts for a large percentage of the country's energy consumption. The policy drivers are embedded in the Electricity Supply Industry Reform Strategy and Roadmap (2020–2030) and The National Energy Policy, 2015.

2.1 Key Goals of the Transition

Shift from biomass and oil-based energy to renewable and cleaner energy sources. Expand rural electrification through off-grid and mini-grid solutions.

Increase installed electricity generation capacity, currently dominated by hydropower will certainly propel job Creation with renewable energy projects creating a sizable portion of employment opportunities and generating energy for industrialization.

It has also been stated that Tanzania has the potential to become an energy exporter across the region.



3. OPPORTUNITIES IN TANZANIA'S ENERGY SECTOR

During the Dar es Salaam summit, Tanzania urged leaders to take advantage of partnerships to achieve universal electricity coverage in the continent with Minister for Energy; Dr. Doto Biteko emphasizing the value of collaborations as being the only way through which tangible solutions can be attained to make mission 300 a reality:

3.1. Investment Opportunities Renewable Energy

Tanzania has significant renewable energy potential, including: Solar Energy investment opportunities with high solar irradiance (4.5–7.0 kWh/m²/day), Tanzania is ideal for solar power projects, particularly in off-grid rural areas .

The opportunities in wind energy are particularly big in the Coastal and inland areas like Singida have proven wind speeds suitable for large-scale wind farms but are undercut by the lack of sufficient data and the high investment costs.

The Rift Valley region has over 5,000 MW of untapped geothermal potential according to extensive studies. This has not been adequately pursued over the risks involved, high costs and limited human resource capacity in Tanzania.

Hydropower also presents opportunities for investors in small- and medium-scale hydropower projects in rural areas offer opportunities for investors.

3.2. Natural Gas

Tanzania has substantial natural gas reserves (over 57 trillion cubic feet). Investment opportunities exist in three key areas being:

- ▶ Gas exploration and production.
- ▶ Gas-to-power projects.
- ▶ Gas infrastructure, such as pipelines and LNG export facilities.

3.3. Energy Access and Mini-Grids

Off-grid and mini-grid solutions are crucial for expanding access in remote areas.

The Rural Energy Agency (REA) offers incentives for private-sector investment in rural electrification.

3.4. Energy Efficiency and Technology

Investment in energy-efficient technologies and infrastructure, including smart grids and metering systems as well as investments in carbon credit markets.

Opportunities in energy storage solutions to complement renewable energy systems.

3.5. Hydrogen Economy

Tanzania's abundant renewable energy resources provide an opportunity to explore green hydrogen production, which could support industrial decarbonization and export markets.

2.6. Supportive Policies and Frameworks

The Tanzanian government has implemented policies to attract private-sector investment, including:

Electricity Supply Industry Reform Strategy and Roadmap (2020–2030): Focuses on liberalizing the energy sector.

Renewable Energy Feed-in Tariffs (REFIT) these were created to provide incentives for renewable energy developers.

Rural Energy Act, 2005 specifically exists to support public-private partnerships for rural electrification. Managed Board and has overseen grants, subsidies and regulatory frameworks improved for rural electrification.

Investment Incentives under the TIC and TRA including Tax exemptions, reduced import duties on renewable energy equipment, and access to financing through international donors.

2.7. Challenges to Consider before Investing

Despite the opportunities, investors should be aware of potential challenges that will need mitigation which include:

The infrastructure network in Tanzania for transmission and distribution is still inadequate and equally in need of investments.

Regulatory and bureaucratic hurdles in project approval processes also take too long and this is a matter that has been addressed at the highest levels of policy formulation and currently only marginally remains a concern.

High initial capital costs for renewable energy projects and for this reason partnerships and collaborations would be most ideal approaches of investment.

Currency fluctuation risks has been a concern in the past but in recent times the Tanzanian Shilling has regained ground against the world majors.

2.8. Strategic Investment Opportunities in the Energy Sector

Develop solar mini-grids in underserved rural areas.

Partner with the government to building and expanding geothermal and wind energy projects.

Invest in LNG export facilities and domestic gas processing plants especially in the Southern belt of the country.

Introduce battery storage technologies and energy efficiency systems to reduce energy losses and wastages.

Explore public-private partnerships (PPPs) for infrastructure development in the Energy sector.



3. CONCLUSION

Tanzania's energy transition offers a range of high-potential investment opportunities. Aligning with government priorities and leveraging incentives can pave the way for success in this dynamic sector.

As curtains are drawn on the summit, what is clear is that Tanzania's energy sector is ripe for takeoff and firms with innovative financing models, de-risk, and provide reliable energy will occupy the front seats in driving the energy revolution that is currently ongoing in Tanzania and in Africa as a whole.

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