

TANZANIAINVEST · ENERGY (TANZANIA) · TANZANIA · LNG

Tanzania signs \$100m small-scale LNG deal for four cities

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Tanzania's Petroleum Development Corporation (TPDC), TAQA Arabia subsidiary Rosetta Energy Solutions, and infrastructure investor Africa50 have signed agreements for a USD 100 million small-scale LNG project, targeting commercial operations by 2027. The project marks Tanzania's first small-scale LNG scheme and is designed to extend piped natural gas access to Arusha, Dodoma, Mwanza, and Zanzibar — four major urban centres currently outside the country's existing pipeline network.

The three-party agreements establish the commercial and structural foundation for the venture. TPDC, the state petroleum development corporation, is seeking an equity stake exceeding 30% in the project vehicle. TAQA Arabia's Rosetta Energy Solutions brings regional gas distribution expertise as the private sector lead, while Africa50 — the pan-African infrastructure fund — provides the financing architecture. The instrument at this stage is a signed agreement, not yet a ratified contract or a final investment decision, meaning project financing and regulatory approvals remain ahead of the 2027 target.

The strategic logic is straightforward: Tanzania holds substantial natural gas reserves, but domestic distribution infrastructure has historically been concentrated along the coastal and southern corridor pipeline network. Cities like Arusha in the north, landlocked Dodoma in the centre, and the island of Zanzibar have remained dependent on costlier liquid fuels. A small-scale LNG model — liquefying gas at source and trucking or shipping it to distribution terminals — offers a capital-efficient

route to monetise reserves and extend energy access without building long-distance pipelines to each location.

The USD 100 million project scale positions this as a mid-tier gas infrastructure investment by East African standards, and the 2027 commercial operations target implies that detailed engineering, procurement, and construction activity will need to commence within 12 to 18 months if the schedule is to hold. TPDC's push for a stake above 30% signals that the Tanzanian government intends to retain meaningful influence over gas pricing and supply terms for the domestic market.

For the broader East African energy market, successful delivery would demonstrate that small-scale LNG is a viable instrument for inland gas penetration — a model that could be replicated across the region where pipeline economics are challenging. It would also reduce Tanzania's dependence on diesel and heavy fuel oil in industrial and commercial applications across the four target cities, with implications for both carbon intensity and energy cost competitiveness.

Why this matters to partners and clients of Saga

The project has reached the signed-agreement stage but has not yet announced an FID, open tender, or prequalification process. Norwegian service companies and equipment suppliers should monitor procurement developments closely over the next 12 to 18 months, particularly as engineering and construction phases approach. Relationship-building with TPDC, Rosetta Energy Solutions, and Africa50 now would position Norwegian firms well ahead of anticipated tender activity for liquefaction units, cryogenic transport, and terminal infrastructure.

PARTNER ANGLES

- **LNG:** Small-scale liquefaction unit suppliers and cold-chain engineering firms should begin mapping Tanzania's LNG infrastructure requirements as detailed engineering design is likely to commence within 12-18 months.
- **Pipeline:** Receiving terminal and distribution network design for four geographically dispersed cities creates near-term demand for pipeline and gas distribution engineering consultancy.

- **Subsea/FPSO:** Zanzibar supply — requiring marine LNG transfer or coastal shipping — may open opportunities for small-scale LNG marine logistics and bunkering specialists.
- **Service:** Project management, FEED, and owner's engineer roles are likely to be tendered as the three-party structure moves toward FID; Norwegian consultancies with East Africa gas experience should engage now.

[Original source: TanzaniaInvest - Energy \(Tanzania\) →](#)

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