

Tanzania wants to get coal mining underway

The National Development Corporation (NDC), a state-owned firm that oversees major projects, is determined to implement the Mchuchuma and Liganga iron ore mining projects at a cost of \$3 billion.



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An estimated 540 million tonnes of coal deposits are available to produce 600 MW of electricity for over 100 years. However finding the money to fully develop the project remains a challenge.

Coal is a combustible black or brown sedimentary rock made mostly of organic carbon. It's formed from decomposed vegetation that was compressed beneath layers of sand, sediment and rock at high temperatures over millions of years. It's typically found as layers (coal beds) or veins (coal seams).

Speaking at the occasion of the launch of a new NDC Board of Directors in Dar es Salaam last week, Chrisant Mzindakaya the Board Chairman said the Corporation has been receiving only about 10% of its annual budget.

He said this has delayed all the major projects on the drawingboard.

"Faced with a serious deficit, NDC has been able to implement a mere 10% of its projects and this means every project has been implemented only by 10%," Mzindakaya said. He has been re-appointed in the same role. The meeting was also attended by Dr. Abdallah Kigoda, Tanzania's Industry and Trade Minister.

Mzindakaya said for three consecutive years - 2011/12, 2012/13, and 2013/14 - NDC received only 15.4%, 23.2% and 10.8% of its budgets respectively.

The coal project is facing financial limitations because the government is unable to provide funds. NDC is now trying to source money through partnerships between the government through the National Development Corporation and China's Sichuan Hongda Corporation Ltd (SHC).

NDC and SHC signed an accord on September 21, 2011 that, among other objectives, will see the construction of a thermal power plant at the Mchuchuma coal mine in Ludewa district.

The Chinese firm has an 80% stake while the government through NDC controls 20%.

According to Mzindakaya, in 2011/12 out of Tsh.33.8 billion (\$ 21.12 million) requested, only Tsh.7 billion (\$ 4.37 million) was approved and only Tsh.5.2 billion (\$3.25 million) was disbursed whereas the following year, NDC requested Tsh.29 billion (\$18.13 million) only Tsh.8 billion (\$5 million) was approved and only Tsh.7 billion (\$ 4.38 million) was released. "In the current financial year, NDC sought Tsh.49 billion (\$ 30.62 million) but only Tsh.20 billion (\$12.5 million) was approved and only Tsh.4.2 billion (\$2.62 million) has been disbursed so far," he said.

Apart from the coal projects, NDC is also tasked with implementing Katewaka and Ngaka projects, chemical industries like Engaruka Soda Ash, General Tyre East Africa, Biolarvicides in Kibaha, Maganga Matitu Iron Ore and the Singida Wind project.

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