



Tanzania

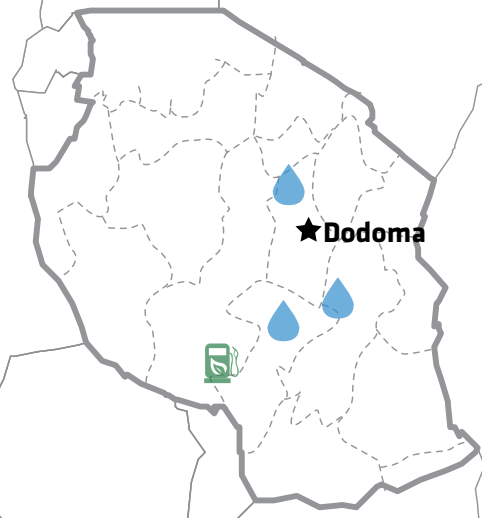
GDP: **\$49.2bn**Five-year economic growth rate: **9.6%**Population: **50.8m**Total clean energy investments, 2009-2014: **\$158.6m**Installed power capacity: **1.6GW**Renewable share: **3.4%**Total clean energy generation: **114.1GWh**Top energy authority: **Ministry of Energy and Minerals****OVERALL RANKING**

2014

2015

21**23****OVERALL SCORE**

2015

1.22

PARAMETER	RANKING	SCORE
I. Enabling Framework	17	1.37
II. Clean Energy Investment & Climate Financing	29	0.48
III. Low-Carbon Business & Clean Energy Value Chains	19	2.56
IV. Greenhouse Gas Management Activities	33	0.97

SCORE SUMMARY

Tanzania scored 1.22 in *Climatescope* 2015, placing it 23rd on the list of countries overall. This was very slightly lower than in 2014 but by and large the country's comparative performance was level. Its best ranking was on Enabling Framework Parameter I.

Tanzania's placement on Parameter I was unchanged at 17th overall. It performed well on policy and regulation thanks to its robust regulatory framework for distributed energy and energy access policies.

On Clean Energy Investment and Climate Financing Parameter II, the country rose to 29th, reflecting a slight uptick in investment from the previous year.

Tanzania ranked 19th on Low-Carbon Business & Clean Energy Value Chains Parameter III, a decline on the previous year, as the number of financial institutions active in the sector fell.

The country also saw some slippage on Greenhouse Gas Management Activities Parameter IV, to 33rd, but remained comparatively strong in the carbon offsets category.

For further information, access www.global-climatescope.org/en/country/tanzania

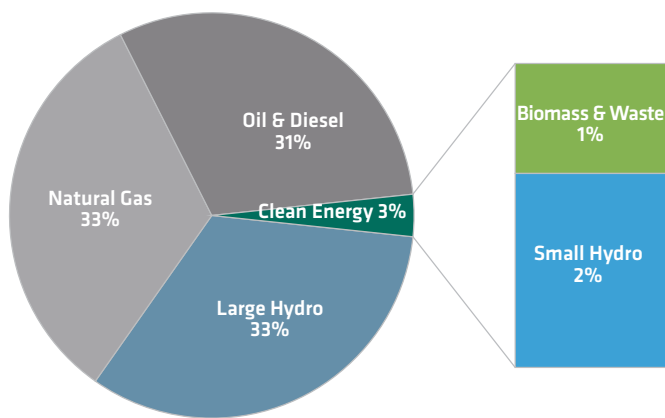
OVERVIEW

Tanzania's power sector is operated by state-owned utility TANESCO, which has a monopoly on transmission and distribution and dominates generation. Large hydro makes up over one-third of the 1.5GW of total capacity, but in recent years low reservoir levels reduced its availability and increased reliance on diesel generation. Several independent power producers participate in the market, both for large-scale gas generation and under a region-leading small power producer program.

Under the Electricity Supply Industry Reform Strategy and Roadmap, published in late 2014, the government targets 10.7GW of overall capacity by 2025, two-thirds of it from gas and coal. It only foresees modest renewables capacity by 2025: 100MW of solar and 200MW each of geothermal and wind.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

1.6GW total installed capacity



Source: Bloomberg New Energy Finance, Tanzania Ministry of Energy & Minerals, Rural Energy Agency, Tanzania Electric Company

KEY POLICIES

Feed-in Tariff	A new feed-in tariff for projects up to 10MW, superseding the standardized PPA program.
Energy Target	A 100MW solar and 200MW geothermal and wind target by 2025.
Debt/Equity Incentives	The Rural Energy Fund offers grants for project feasibility studies and customer connections, as well as construction loans.
Tax Incentives	Import duty exemptions and VAT refunds are available on a case by case basis, and accelerated depreciation is allowed for solar projects.
Utility Regulation	A standardized 15-year PPA is available for power projects smaller than 10MW.

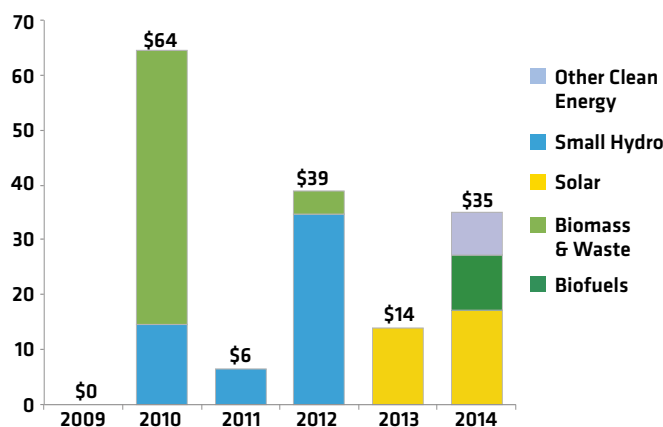
Source: Bloomberg New Energy Finance Policy Library

The roadmap also sets out a power sector reform process designed to see TANESCO fully unbundled by 2025. The reforms are divided into four stages, with ambitious timelines. By the end of 2017, the generation segment of TANESCO should be split from transmission and distribution, with an independent market operator set up to manage wholesale and retail trading.

The country has had a framework for private developers to build on or off-grid projects up to 10MW for several years. This has encouraged a pipeline of more than 15 projects, with as many as 60 more at earlier stages. The framework was superseded by a feed-in tariff in 2015. Tanzania should soon have its first utility-scale solar plant, a 5MW project by developer NextGen, while plans for the Singida wind farm continue.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2009-2014 (\$m)

\$158.6m total cumulative investment



Source: Bloomberg New Energy Finance

Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

One critical issue holding back investment is non-payment by the utility to independent generators large and small under the terms of their PPAs. TANESCO is making a concerted effort to pay off its debts of over \$400m by the end of 2016, in line with the roadmap, though a support package from donors was delayed at the end of 2014 and through Q1 2015 by a corruption scandal.