



Access to energy for all in rural areas in Africa

Progress and perspectives within the CLUB-ER:

The Experience of TANZANIA

THEOPHILLO BWAKEA, PRINCIPAL
ENGINEER, RURAL ENERGY AGENCY

Sheraton Djibouti Hôtel, 26 November 2013



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PRESENTATION OUTLINE

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- **IMMINENT CHALLENGES**
- **INTERVENTIONS BY THE AGENCY**



BRIEF INTRODUCTION

- MAINLAND TANZANIA HAS AN AREA OF 945,203 KM² AND POPULATION OF 43.6 MILLION (2012 CENSUS) WHERE 80% OF THE POPULATION LIVE IN RURAL AREAS
- THE NATIONAL GRID COVERAGE IS LIMITED
- EXPANSION OF THE GRID IS VERY COSTLY AND WILL TAKE LONG TIME TO REACH ALL REGIONS, DISTRICTS AND DEVELOPMENT CENTRES ACROSS THE COUNTRY



RURAL ENERGY AGENCY

- **RURAL ENERGY AGENCY ESTABLISHED BY RURAL ENERGY ACT OF 2005**
- **THE AGENCY BECAME OPERATIONAL IN 2007**
- **RESPONSIBLE FOR THE PROMOTION OF AND FACILITATION OF THE PROVISION OF MODERN ENERGY SERVICES IN RURAL AREAS OF MAINLAND TANZANIA**
- **THE RURAL ENERGY BOARD GOVERNS THE RURAL ENERGY AGENCY**
- **THE RURAL ENERGY FUND PROVIDES GRANTS TO QUALIFIED DEVELOPERS OF PROJECTS INCLUDING RESEARCH AND DEVELOPMENT**



ELECTRIFICATION ACCESS IN TANZANIA

- THE BENEFITS OF ACCESS ARE JUSTIFIED NOT ONLY ON SOCIAL AND ECONOMIC GROUNDS BUT ALSO ON GROUNDS OF EQUITY OBJECTIVES
- TANZANIA DEVELOPMENT VISION (TDV) 2025 – ACCESS TO MODERN ENERGY SERVICES PROMOTES ECONOMIC DEVELOPMENT BY ENHANCING THE PRODUCTIVITY OF LABOUR AND CAPITAL
- NATIONAL ELECTRIFICATION PLAN IS PART OF A BROADER NATIONAL DEVELOPMENT PLAN
- THE INSTITUTIONAL, LEGAL, AND REGULATORY FRAMEWORKS TO SUPPORT ACCESS EXISTS



CONTINUED.....

- VERY LOW ELECTRIFICATION RATES. THE GOT IS PURSUING MULTIPLE STRATEGIES TO IMPROVE ACCESS RATES. TARGET IS TO REACH ACCESS RATE OF 30% BY 2015 AND 75% BY 2033
- RURAL ACCESS RATIO: 2.5% IN 2007, 6.6% IN 2012, PROJECTED TO REACH 16.6% IN 2015 AND 36.6% IN 2022
- URBAN ACCESS RATIO: 36.6% IN 2012, PROJECTED TO REACH 47.6% IN 2015 AND 75.7% IN 2022
- COUNTRY ACCESS: 16.3% IN 2012, PROJECTED TO REACH 30% IN 2017 AND 48% IN 2022. GOT TARGET IS TO REACH ACCESS OF 75% BY 2033 (PSMP 2012)



ELECTRIFICATION ACCESS BY 2015

- COMPLETED AND ONGOING ON-GRID EXTENSION INITIATIVES (TURN-KEY PROJECT PHASE I FUNDED BY REA AND SUPPORT FROM Sida, TANESCO PROJECTS FUNDED BY REA, MCC/MCA-T FUNDED PROJECTS, TEDAP/WB FUNDED PROJECTS)
- UP-COMING ON-GRID EXTENSION PROJECTS (TURN-KEY PHASE II PROJECT TO BE FUNDED BY REA AND NORAD, MCC/MCA-T PHASE II, ELECTRICITY V PROJECT TO BE FUNDED BY AfDB, RURAL ELECTRIFICATION ALONG THE BACKBONE TRANSMISSION INVESTMENT PROJECT TO BE FUNDED BY NORAD, RURAL ELECTRIFICATION COMPONENT ALONG THE

ACHIEVING 30 PERCENT ELECTRIFICATION ACCESS BY 2015

- COMPLETED GRID EXTENSION INITIATIVES (TURN-KEY PROJECT PHASE I FUNDED BY REA AND SUPPORT FROM SIDA, TANESCO PROJECTS FUNDED BY REA/REF, MCC/MCA-T FUNDED PROJECTS, TEDAP/WB FUNDED PROJECTS)
- UP-COMING GRID EXTENSION PROJECTS (TURN-KEY PHASE II PROJECT TO BE FUNDED BY REF, SIDA AND NORAD, MCC/MCA-T PHASE II, ELECTRICITY V PROJECT TO BE FUNDED BY AfDB, RURAL ELECTRIFICATION ALONG THE BACKBONE TRANSMISSION INVESTMENT PROJECT TO BE FUNDED BY SIDA & NORAD, RURAL ELECTRIFICATION COMPONENT ALONG THE MAKAMBAKO-SONGEA TL PROJECT CORRIDOR TO BE FUNDED BY SIDA OF SWEDEN)

CONTINUED.....

- COMPLETED OFF-GRID ELECTRIFICATION PROJECTS FACILITATED BY REA (SSHP PROJECTS AND ASSOCIATED MINI-GRIDS); SHSs FUNDED BY MCC/MCA-T AND TEDAP/SSMPI
- UPCOMING SSHP PROJECTS AND ASSOCIATED MINI-GRIDS TO BE FACILITATED BY REA & IMPLEMENTED BY PRIVATE DEVELOPERS/SPONSORS
- UPCOMING SSMPII TO BE FUNDED UNDER TEDAP
- UPCOMING OFF-GRID ELECTRIFICATION PROJECTS TO BE FUNDED UNDER ORIO/ DUTCH GOVERNMENT

DEVELOPMENT OF GREEN ENERGY SOURCES TO ENHANCE ELECTRICITY ACCESS TO RURAL AREAS

- PREVIOUS AND CURRENT STUDIES INDICATES THAT OPPORTUNITIES FOR DEVELOPMENT OF SSHP SITES ARE NUMEROUS AND WIDESPREAD ACROSS THE COUNTRY
- THERE IS ALSO SIGNIFICANT POTENTIAL FOR WIND FARM PROJECTS AND SOLAR BASED MINI-GRIDS
- DEVELOPMENT OF THESE SITES COULD EXPAND ACCESS TO ELECTRICITY IN RURAL AREAS LOCATED FAR AWAY FROM THE MAIN GRID IN A SHORT PERIOD AT LEAST COST

CONTINUED.....

- GREEN MINI-GRID SYSTEMS ARE A CENTRAL PART OF THE SOLUTION IN PROVIDING ELECTRICITY TO THE RURAL PEOPLE
- IN THE QUEST FOR SCALING-UP ELECTRIFICATION ACCESS (TO REACH 30% BY 2015) THE GOVERNMENT HAS INTRODUCED SIGNIFICANT SUBSIDIES TO LOWER CONNECTION CHARGES
- RURAL CUSTOMERS ARE PAYING 49% OF THE REAL CONNECTION CHARGE AND URBAN CUSTOMERS 65% OF THE REAL COST

CONTINUED.....

- PROCUREMENT OF CONSULTANCY SERVICES TO UNDERTAKE STUDIES FOR SSHP PROJECTS AND MINI-GRIDS FOR PROMISING SITES IN ORDER TO **ESTABLISH READY-TO-BUILD PROJECTS PIPELINE FOR DEVELOPERS**
- PUBLIC TENDERS FOR THE IMPLEMENTATION OF SOLAR BASED MINI-GRIDS TO BE IMPLEMENTED BY DEVELOPERS USING REA'S FACILITATION WILL SOON BE ADVERTISED

IMMINENT CHALLENGES

- SIGNIFICANT DIFFICULTIES IN MEETING ENERGY DEMAND AND SECURITY BOTH IN THE GRID AND OFF-GRID SYSTEMS
- THE CURRENT NATIONAL ENERGY POLICY DOES NOT SPECIFY THE CONTRIBUTION OF RENEWABLE ENERGY TARGETS IN THE COUNTRY'S ENERGY BALANCE
- TRANSFORMING LOCAL ENTREPRENEURS TO BECOME ELECTRICITY ENTREPRENEURS

CONTINUED.....

- FINANCIAL INSTABILITY IN TANESCO MAKES FiTs TARIFFS UNDER THE SPPA ARRANGEMENTS UNATTRACTIVE TO DEVELOPERS/INVESTORS
- LINGERING DOUBTS BY DEVELOPERS ON THE STABILITY OF THE SUBSIDY SCHEME
- THE NATIONAL ELECTRIFICATION MASTER PLAN IS MISSING MAKING PRIORITIZATION OF PROJECTS TO BE INFLUENCED BY POLITICS

INTERVENTIONS BY RURAL ENERGY AGENCY TO SCALE-UP ELECTRIFICATION ACCESS

- **PREPERATION OF THE NATIONAL RURAL ELECTRIFICATION MASTER PLAN** – THE PROSPECTUS WAS FINALISED BY THE CONSULTANT IN JULY 2013. THE MASTER PLAN WILL PROVIDE UPFRONT BASE LINE INFORMATION TO DEVELOPERS /INVESTORS.
- **ALLOCATION OF ADEQUATE FUNDS IN THE REF** TO ASSIST KEY MARKET PLAYERS (INVESTORS AND DEVELOPERS) TO DEVELOP THEIR CAPACITIES IN PREPARING PRE-INVESTMENT STUDIES AND INNOVATIVE FINANCIAL MODELS/BUSINESS PLANS TO ASSIST THE DEVELOPERS TO BRING THE PROJECTS TO THE MARKET ON TIME

CONTINUED.....

- **STRENGTHENING THE INSTITUTIONAL FRAMEWORK** TO SUPPORT GREEN MINI-GRIDS INVESTMENTS
- **STRATEGIC ENGAGEMENT WITH LOCAL BANKS** TO SUPPORT RENEWABLE ENERGY INVESTMENTS
- **WORKING CLOSELY WITH THE SECTORAL MINISTRY AND REGULATOR** TO STRENGTHEN EXISTING POLICY, LEGAL AND REGULATORY FRAMEWORKS TO ENHANCE THE CONFIDENCE OF DEVELOPERS/INVESTORS
- **TANESCO TO BE RESTRUCTURED** UNDER THE SUPERVISION OF MEM TO STRENGTHEN ITS COMMERCIAL STABILITY AND CONSOLIDATION OF ITS OPERATIONS

CONTINUED.....

- STRENGTHENING THE AGENCY'S COMMUNICATION STRATEGY TO REACH OUT TO LOCAL DEVELOPERS AND LOCAL BANKS TO APPRECIATE THE TECHNICAL FEASIBILITY AND COMMERCIAL VIABILITY OF RENEWABLE ENERGY PROJECTS
- IN SO DOING PROMOTING BUSINESS DEVELOPMENT TRANSFORMATION THROUGH THE SCALING-UP OF ELECTRIFICATION ACCESS
- SECURING SUFFICIENT FUNDS IN REF IN SUCCESSIVE GOVERNMENT BUDGETS TO SUSTAIN THE SUBSIDY STRATEGY FOR SUPPORTING THE DEVELOPMENT OF GREEN RENEWABLE ENERGY PROJECTS INCLUDING MINI-GRIDS



Thank you for your attention

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