

### TANZANIA

**Title:** Rural electrification project: support to structuring (grid densification & hybrid minigrids)-(CZZ1910 03 & CTZ1085)

**Amount:** 601k€ (113k€ + 488k€)

**Category:** SE4All Off-grid TA

**Request from:** Tanesco and REA (Rural Energy Agency)

#### Context

Tanzania is confronting a major challenge related to expansion of modern energy services in rural areas. In the past several years, Tanzania's electricity access rate has risen noticeably, from 7 percent in 2011 to approximately 40 percent in 2017. However, while noticeable progress has been achieved in urban and peri-urban areas, the pace of rural electrification, currently at 7 percent, lags substantially behind the national average.

REA has requested support to achieve the objective to increase access to electricity up to 75% by 2025 by contributing with concessional financing to the National Rural Electrification Program (NREP). The NREP considers both urban and rural electrification through the following initiatives: (a) ongoing electrification in settlements which already had a distribution network at the end of 2012, referred to as densification; (b) connection of non-electrified settlements to the interconnected grid, referred to as grid extension; (c) installation of isolated grids together with power generation facilities which feed into isolated grids; and (d) renewable energy systems, including solar home systems.

#### Technical assistance

The AFD recruited a technical assistance in order to support the structuring of a rural energy project in Tanzania. The study encompassed technical, economic, financial, environmental/social efficiency analysis of the project.

The study had to provide:

- Assessment of the National Rural Electrification Program (NREP)
- Evaluation of financing needs and priorities for both grid densification and distributed generation via green minigrids, including Pre-Feasibility Study for the Solar Hybridization of minigrids.

#### Status & impacts

*CZZ1910 03 : Contracted in July 2017, finalized in December 2018*

*CTZ1085 : Contracted in September 2019, ongoing*

Subsequent to the finalization of the study, REA and Tanesco confirmed interest in mobilizing financing for the Densification programme and the hybridization in at least 2 isolated sites. AFD financing for the project was approved by AFD Board in December 2018 (100 M EUR).

AFD has recruited a tender agent through its own financing to support REA and Tanesco with preparation of the bidding documents (568 kEUR).

AFD financing should allow to connect approximately 90,000 new customers and install around 2 MW of solar PV capacity in isolated sites operated by Tanesco.

**Final report available on request.**

  
  
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**A facility to develop innovative projects in renewable energy and boost electrification on the African continent.**

The AFD Group, with the support of the European Union, has set up the "African Renewable Energy Scale-Up facility" (ARE Scale Up facility) to boost private sector investment in on-grid and off-grid renewable energy production in Africa.

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