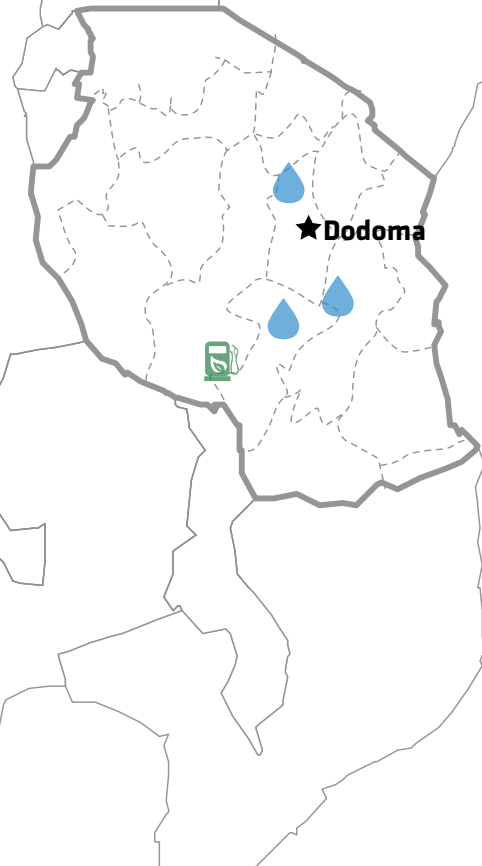




Tanzania

GDP: **\$33.2bn**Five-year economic growth rate: **9%**Population: **49.3m**Total clean energy investments, 2006-2013: **\$124.9m**Installed power capacity: **1.5GW**Renewable share: **3.5%**Total clean energy generation: **102.5GWh**Top energy authority: **Ministry of Energy and Minerals**OVERALL RANKING
2014**21**OVERALL SCORE
2014**1.23**

PARAMETER	RANKING	SCORE
I. Enabling Framework	17	1.31
II. Clean Energy Investment & Climate Financing	41	0.34
III. Low-Carbon Business & Clean Energy Value Chains	12	3.08
IV. Greenhouse Gas Management Activities	30	0.97

SUMMARY

Tanzania took 21st place in *Climatescope 2014*, with a score of 1.23. While its highest ranking was 12th on Clean Energy Value Chains Parameter III, it also has the most attractive policy framework for small grid-connected and other distributed renewable energy projects in sub-Saharan Africa.

The East African country has yet to see significant levels of clean energy investment: it finished 41st on Clean Energy Investment Parameter II, the country's lowest position on any parameter. It attracted just \$125m of financing between 2006 and 2013, mainly in the biomass and small hydro sectors.

Large hydro makes up over one-third of the 1.5GW of total capacity, although low reservoir levels have reduced availability to about 55%, forcing load shedding and emergency diesel generation. A key objective of the government is to replace this capacity with natural gas and coal-fired power plants and renewable energy. It has set a target of 14% clean energy in the power mix in 2015, including small hydro.

A new renewable energy policy, feed-in tariff, geothermal regulatory framework and biofuel policy were due to be published by the government in 2014.

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

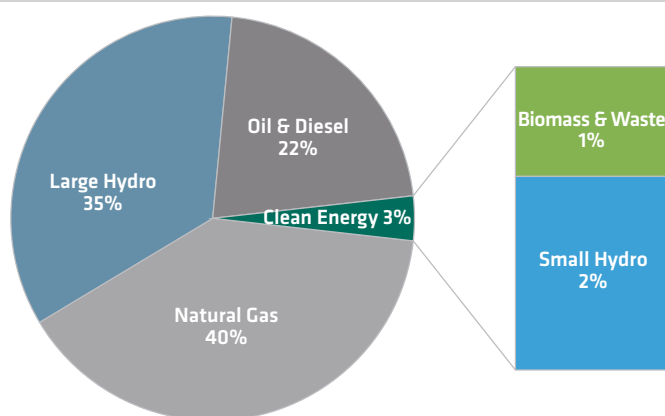
PARAMETERS AT A GLANCE

Tanzania's power sector is operated by state-owned utility TANESCO, which has a monopoly on transmission and distribution, and dominates generation. Several independent power producers participate in the market and have a share approaching 40%, if their 205MW of emergency diesel capacity (14% of the total mix) is included.

The country has put in place a regulatory and legal framework to facilitate and encourage the construction of small power projects by private developers. Capacity is limited to 10MW and power is sold either on or off-grid via a Standardized Small Power Purchase Agreement (SPPA) at a defined tariff. More than 15 projects are either operating under the scheme or intend to do so, and there is a pipeline of as many as 60 further projects.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

1.5GW total installed capacity



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

KEY POLICIES

Energy Target	To raise overall capacity to 1.7GW and the share of renewables to 14% (or 6% excluding small hydro) of the power mix by 2015, up from 4% in 2010.
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.

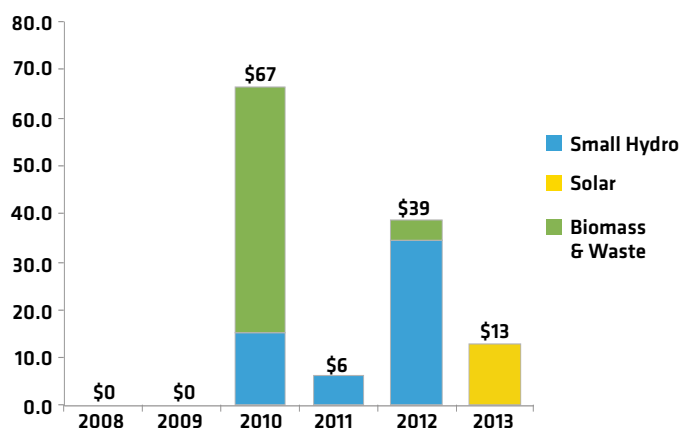
Source: Bloomberg New Energy Finance Policy Library

This aspect of the policy framework was undermined by the lack of a wider renewable energy policy and the low level of clean energy capacity. Current non-large hydro renewable energy penetration is very low, accounting for less than 4% of total capacity. Tanzania ranked 17th on Enabling Framework Parameter I.

Its ranking on Clean Energy Investment Parameter II was, at 41st, the country's lowest. The \$125m invested between 2006 and 2013 was buoyed up by the financing in 2013 of the country's first solar deal, a 5MW project. It should be further lifted in 2014 by the country's first wind and biofuel deals.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 (\$m)

\$124.9m total cumulative investment



Source: Bloomberg New Energy Finance

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

Tanzania ranked 12th on Clean Energy Value Chains Parameter III as it has project developers in small hydro, biomass, wind and solar, and several manufacturers. In addition, the country has numerous clean energy service providers, including a full range of financial and legal services firms, and five out of the seven categories of distributed energy service provider.

The country managed a respectable 30th place on Greenhouse Gas Management Activities Parameter IV, despite its lack of government policy or corporate engagement on emissions reduction. Rather, it scored well for its comparatively low level of risk in carbon offset project development.