

August 9, 2013

**Comments from United States and Australia on the  
SREP Investment Plan for Tanzania**

Patricia, Lesley:

Please see attached.

Abby Demopulos  
U.S. Treasury

**Comments on the Tanzania SREP Investment Plan from the USA and Australia  
August 9, 2013**

Thank you to the government of Tanzania, World Bank, African Development Bank, and International Finance Corporation for your presentation, and for your hard work in developing this Investment Plan.

We are generally supportive of the Plan with the focus on geothermal development and rural electrification.

- Like others, we notice that there is a significant expectation of private co-financing in the program. Essentially, you are relying on public finance for development and hope to attract private infrastructure finance later. Do you have an example of where this model of initial public development phase investment followed immediately by private construction phase investment has worked in Tanzania in the past?
- How advanced are discussions with the private sector relating to financial commitments?

It would be helpful to have more detailed data on the risk premiums expected in the private sector, specifically for geothermal power investment.

We are comfortable with the use of SREP funding for test drilling. We would appreciate further detail on where geothermal fits in terms of development priorities for the generation sector given the large pipeline of natural gas projects currently being cultivated.

On rural electrification, we like the focus on proving new business models in the mini-grid and off-grid space. This portion of the Plan relies heavily on public finance with a relatively low amount of private finance. The test of successful projects is the extent to which they are able to be replicated elsewhere. The results framework should measure whether and how much replication has taken place.

Lastly, both portions of the project rely heavily on the restructuring of TANESCO. We would like more detail about these exact restructuring plans in the revised investment plan.