

July 26, 2013

Comments from Maldives on the SREP Investment Plan for Tanzania

Dear Patricia

We like to thank the CIF secretariat for arranging the meeting and giving us the opportunity to review the investment plan of Tanzania. Please find our comments and observations on Tanzania SREP IP and presentation.

thank you and best regards

Ahmed Ali

Director General

Energy Department

Maldives comments and observation on Tanzania SREP IP

As the IP clearly shows, in Tanzania only 20% of the population has access to electricity and many of these are rural communities, considering that the levelised cost of indigenous renewable energy sources which are under 0.12 cents/kWh, there is huge potential for Tanzania to tremendously benefit from these resources.

Maldives is very positive that the plan will accelerate the investments in renewable energy and like to congratulate Tanzania for its effort in preparing such a comprehensive document.

Based from our review of Tanzania's investment plan, we like to note some comments/observations/clarifications as stated below.

- 1) The SERP Financing Plan indicates private investments of up to around \$ 173 million which is a relatively large figure in terms of private investment scale. It is important to confirm whether the government has made any preliminary assessment regarding the availability of such interested investors who have determined commitment.
- 2) The government contribution to the private sector is \$3.9 million versus \$50 million from SREP. As the government contribution appears to be relatively small. I'm sure that the small amount is not the reflection of the government's commitment to SREP IP.
- 3) A major component of SREP allocation is directed towards feasibility studies and other soft components in comparison to the real investments. Out of the \$50 million, most of the funds are allocated for feasibility, project development/transaction advisory service, capacity development/transaction advisory service, capacity development, etc. with up to only \$8.75 million allocated for mini/micro grids and stand alone for solar. We feel that SREP funds need to be utilized for investment related activities rather than for soft components.

In general we have observed that the investment plan is in line with the requirements and is very comprehensive and we are pleased to endorse the IP. We wish all the best to Tanzanian colleague's in their effort to transform the energy sector.