

CLIMATE INVESTMENT FUNDS

SREP/SC.IS.3/Inf.1

July 22, 2013

Intersessional Meeting of the SREP Sub-Committee

Brussels, Belgium

July 25, 2013

**COMMENTS ON TANZANIA'S INVESTMENT PLAN
SUBMITTED BY SUB-COMMITTEE MEMBER FROM THE NETHERLANDS**



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Our reference

DME-KE-2013-214600

Date 18 July 2013
Re SREP IP Tanzania

Comments on the SREP Investment Plan for Tanzania

Herewith we share our main observations and questions on the investment plan, also on behalf of Sweden.

We congratulate Tanzania with the work that has gone into developing the investment plan for SREP. We support the investment plan and are ready for "in principle endorsement" of the investment plan and approval of the related project preparation grants.

To be able to support the formal endorsement, scheduled for the next meeting of the SREP sub-committee in November 2013, we seek further clarification on the following issues:

- a. We subscribe to the importance of a balanced and broad energy mix for Tanzania, reserving also scarce GoTz means (funds and capacities) for geothermal energy and renewable energy for rural electrification. We are concerned that attention for the development of renewable energy sources could be victim of growing demands on government institutions for exploration and development of the non-renewable gas sector.
We would therefore like to get further clarification how the GoTz plans to address this risk.
- b. We realize that Tanzania faces an urgent crisis in the energy sector, that requires, as stated in the document, a whole range of measures in the electricity sector (loss-reduction, revenue enhancement, restructuring) as well as further strengthening of the legal and regulatory framework. In this context, the investment plan anticipates private investments of 518 million USD on a total of 719 million.
We would therefore like to get further clarification to what extent the GoTz can already demonstrate private sector interest, and how GoTz will track progress with the mobilization of private sector investments and the strengthening of the enabling environment for private sector participation, and inform the subcommittee about this progress.
- c. We welcome the component of the investment plan that focuses on rural electrification, as this will improve the balance of energy priorities

for urban centres and the urgent energy needs of the energy poor in rural areas. We agree that this challenge has an important gender dimension. While the document mentions gender co-benefits, it is unclear how these will be attained. *We would therefore like to request the GoTz to clarify the results-chain through which the program will contribute to improved gender equality.*

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- d. We appreciate that the rural electrification component has great potential for productive use of energy in the targeted rural communities. We refer to experiences of the World Bank with promotion of productive use of electricity in for instance Peru (see <http://www.esmap.org/node/2678>) . From the investment plan, it is unclear whether specific approaches to maximize the productive use of energy will be built into the project. *We would therefore like to seek clarity from the GoTz to what extent productive use of energy by rural communities will be prioritized in the elaboration of this component.*

We very much appreciate further clarification on these issues. We look forward to the discussion next week and the further elaboration of the investment plan in concrete investment projects.