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TANESCO joins hands with German financial cooperation, AFD and the EU to expand power infrastructure in North-Western Tanzania

Dar es Salaam, 29th January 2016

The German Ministry for Economic Cooperation and Development through the German Development Bank KfW, the French Agency for Development (AFD) and the European Union (EU) have provided financial support of about 42 Million EUROS to the Tanzanian government for the electrification of large areas of North-Western Tanzania.

The project is implemented by the Government of the United Republic of Tanzania through the Ministry of Energy and Minerals and Tanzania Electric Supply Company Limited (TANESCO). TANESCO is responsible for the implementation and operation of the project and will contribute around 1.5 Million EUROS (around 3.5 Billion TZS) for social and environmental compensation measures.

Speaking at the signing ceremony, TANESCO Managing Director Eng. Felchesmi Mramba explained that the project will connect three north-western regions of Geita, Kagera and parts of Kigoma to the national power grid. The project entails the construction a 220kV transmission line from Geita to Nyakanazi which is approximately 144km in length, construction of a new substation at Nyakanazi and extension of the Geita substation as well as rural electrification of about 30 villages in Geita district in Geita region, Biharamulo and Chato districts in Kagera region and Kakonko district in Kigoma region with some of the villages directly located along the transmission line.

“The project will improve and promote reliable and cost-efficient power supply in North-Western Tanzania, thus improving the life standard of the entire population in those areas as there will be an increase in economic activities in the area”, said Eng. Mramba.

Germany through KfW has already committed a grant of 20 Million EUROS (around 46.5 Billion TZS) and the AFD a concessional loan of 14 Million EUROS (around 32.5 Billion TZS) for the construction of the 220 kV transmission line and substations. The high-voltage line will connect North Western Tanzania to the national grid network and the planned Rusumo hydro power plant at the Kagera River which will after construction supply power to Tanzania, Rwanda and Burundi.

Today, TANESCO and KfW signed the Separate Agreement for an additional 7.6 Million EUROS (around 17.7 Billion TZS) grant for the rural electrification activities raising the overall financing package to 41.6 Million EUROS (around 96.7 Billion TZS). These grant funds have been provided for by the European Union through the EU-Africa Infrastructure Trust Fund (EU-AITF).



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Eric Beaume, EU Head of Cooperation, said: *"This project is yet another showcase of Europe's commitment to help ensure access to affordable, reliable and modern energy services in rural Tanzania. The EU funds in this project will see access to electricity extended to around 10,000 rural households, social institutions and small businesses in parts of Geita, Kagera and Kigoma regions. This will include construction of approx. 250 km of medium- and low-voltage distribution lines, distribution systems, transformers, installation of meters and service lines and co-financing of connection costs and ready boards. Large scale projects like this are made possible through our EU - Tanzania partnership in bringing development through increased access to energy, and joint funding operations by the European Union and its Member States."*

KfW's Country Director in Dar es Salaam, Dr. Helmut Schoen, states: *"We are proud that through the support of the EU-Africa Infrastructure Trust Fund (EU-AITF), the German Government and AFD, we can make a contribution to building up the transmission and distribution infrastructure in the North-West of Tanzania. Affordable and reliable power access is key to improving livelihoods and creating business opportunities for the people living in the areas targeted by the project."*

"AFD is pleased to co-finance the project considering the socio-economic impact of the project on the development of the country and of the Northern region, but also considering its impact on climate change mitigation. By connecting the future Rusumo fall hydropower station to the national grid, the project will contribute both to providing affordable electricity and to the reduction of greenhouse gas emissions in Tanzania, in line with the Paris declaration for climate change. I would like to commend the harmonization among European donors for the project, which coordinated funds from KfW, AFD and EU to the Government of Tanzania and to TANESCO," said Emmanuel Baudran, AFD Country Representative.

Following the conclusion of the technical design, environmental and social impact studies and the competitive procurement of contractor companies the two-year construction period is scheduled to start immediately in late 2016.

Background:

See attached Project Fact Sheet

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