

Attracting Finance and Investment for the Energy Transition in **Tanzania**

Stakeholders Meeting

19 September 2024, 8:30, Johari Rotana, Dar Es Salaam, Tanzania

Final Report



The UN Trade and Development (UNCTAD) and the Tanzania Investment Centre (TIC) organized a stakeholder meeting on attracting finance and investment for the energy transition in Tanzania. Its main objective was to assess the current situation and gather stakeholders' perspectives on key issues affecting the financing and investments of Tanzania's energy transition. The meeting was part of a larger three-year project led by UNCTAD to help African countries secure investments in renewable energy and green technologies.

The meeting was attended by 39 participants, including 13 women, representing the private and public sectors, finance providers and development partners engaged in the energy transition in

Tanzania. It began with opening remarks from Dr. David Biswalo, Principal Director of Investment – Agriculture, speaking on behalf of Mr. Gilead Teri, Executive Director of TIC, and Ms. Shabnam Mallick, Head of the UN Resident Coordinator’s Office in Tanzania. Mr. Joseph Kilangi, Permanent Secretary, Ministry of Energy and Minerals, Zanzibar, delivered the keynote address.

The meeting included two panel discussions. The first panel focused on the opportunities and challenges in building an enabling environment for investment in renewable energy in Tanzania. The second panel addressed innovative schemes and the role of development finance institutions and institutional investors in supporting the energy transition in Tanzania. Following the panel discussions, four focus group discussions were held in parallel involving all participants. After extensive deliberation, participants identified key challenges and made recommendations to attract finance and investment for Tanzania’s energy transition.



Key outcomes of the meeting

Tanzania expanding its renewable energy:

- Tanzania currently has one of the lowest electricity consumption rates in the world. In 2022, only 46 percent of the population was connected to the grid. The Rural Energy Agency (REA) has announced that all rural villages will be connected to electricity by 2024.

- Tanzania Electric Supply Company Limited (TANESCO) is the main producer and the sole operator of transmission and distribution of electricity.
- Tanzania is set to more than double its installed electricity generation with the completion of the Kinyerezi III gas-fired power plant and the full operation of the Julius Nyerere Hydropower Project. It is also implementing the following projects:
 - The Rusumo Falls Hydroelectric Project (RRFP), jointly with Burundi and Rwanda.
 - The Ngozi Geothermal Power Station, expected to generate 200 megawatts in Phase I, with plans to expand to 600 megawatts in Phase II.
 - The Kishapu 150MW solar power project. The first phase of the project for 50MW solar PV plant is under construction.

Ongoing challenges for investments:

- Tanzania offers incentives to investors in renewable energy through the Tanzania Investment Centre under the National Energy Policy 2015. The government exempts solar and wind energy systems from VAT and import tariffs. In addition, REA provides grants and subsidies to developers of rural energy projects. It also supported the launch of several solar, wind, or hybrid mini-grids and small power producers across the rural region.
- However, the private investment landscape has seen fluctuations due to evolving policies, and government led large-scale public projects for energy generation. The private sector demands guarantee for payments and repatriation of revenue in foreign currency, cost-effective tariff rates, stability and predictability of power purchase agreements, and exit strategy, including international arbitration for dispute settlement. The government on the other hand, appears focused on minimizing the risk to public finances by leveraging the opportunities from large-scale energy projects, and ensuring access and affordability of electricity for the rural population.
- Zanzibar presents a unique set of policies, environments and initiatives to diversify its energy mix and to use renewable energy in the tourism sector. Currently, Zanzibar receives electricity via submarine cable from mainland Tanzania. Demand, however, outstrips supply. Zanzibar is currently considering public-private partnership for solar, offshore wind, and waste to energy projects. In addition, the Zanzibar Energy Sector Transformation and Access Project (ZESTA) is being implemented by the World Bank to expand access to electricity for households, businesses, industries, and public institutions in rural, peri-urban, and urban areas through on-grid solutions.
- Participants emphasized the knowledge gap within the public sector regarding the design of win-win and investment de-risking strategies for renewable energy projects in partnership with the private sector, contract and license management, and the use of innovative financing mechanisms. These include targeting institutional investors, green funding, and climate financing.
- Similarly, TIC may need to focus on domestic renewable energy developers - but also the

developers would have to gain expertise in how to create bankable projects to attract finance and investment, locally and internationally.

- More specifically, participants identified a lack of awareness on part of both the private and public sector, regarding the full life cycle of renewable energy, how projects operate, and risks are managed. Hence there is a need to build local capacity in the renewable energy sector and overcome the shortage of skilled professionals in areas such as project development, engineering, and finance.
- Tanzania lacks a database that provides accurate information on renewable energy investments, operators, and finance providers.
- Concerns were also raised about the capacity of grid infrastructure to integrate solar and wind energy projects into the national power system.

Tanzania requires a renewed effort and strategy to capitalize on the opportunities arising from increased installed capacity and rural population connectivity, as well as the strong interest of the private sector in investing in renewable energy. Tanzania may also need to consider the different needs of Zanzibar which has a service-oriented economy, with fast-growing electricity demands.

Conclusion and evaluation of the meeting

The meeting was concluded with a closing remark from Mr. Saleh Saad, Director General of Zanzibar Investment Promotion Authority (ZIPA) and Yongfu Ouyang, Chief of Sustainable Institutional Investment, UNCTAD.

Participants were invited to evaluate the meeting through an online platform. Fourteen completed evaluation forms were received. Almost 80% of participants stated that the meeting provided them with a better understanding of the opportunities and challenges of attracting investments for the energy transition in Tanzania. Most participants considered the meeting methodology as either ‘excellent’ or ‘good.’ The discussions under the two panels of the meeting and within the focused group were rated as ‘excellent’ by 64% and 57% of participants, respectively.

Participants also provided additional written comments, including:

- Additional time was required to fully discuss the topics covered.
- TIC should facilitate more discussion in collaboration with UN agencies and development partners.

Attracting Finance and Investment for the Energy Transition in Tanzania

Annex 1: Programme Stakeholders Meeting

19 September 2024, 8:30 A.M to 2:00 P.M (Tanzania Time)
Johari Rotana, Dar Es Salaam, Tanzania

Tanzania, through the Tanzania Investment Centre (TIC) is a beneficiary of a technical assistance project for promoting and facilitating finance and investment in energy transition. This 3-year project, led by the UN Trade and Development (UNCTAD), is implemented in cooperation with other UN departments.

One of the project's key outputs is to develop a strategy to attract finance and investment in energy transition-related projects, such as renewable energy and green technologies. As part of the strategy development process, UNCTAD and TIC are jointly organizing this meeting to consult stakeholders from the private and public sectors, as well as development partners. The objective of the stakeholder meeting is to collect feedback, insights, and inputs for the successful development and implementation of a national strategy to attract finance and investment to support the energy transition aspiration of Tanzania.

08:30 – 09:00	Registration
	Opening Remarks
09:00 – 09:20	Mr. Gilead J. Teri, Executive Director, Tanzania Investment Centre (TIC) Ms. Shabnam Mallick, Head of UN Resident Coordinator's Office, Tanzania
	Keynote address
09:20 – 09:30	Dr. Tausi Kida, Permanent Secretary President's Office, Planning and Investment
	Setting the Scene

09:30 – 09:40	Attracting Finance and Investments for the energy transition in Tanzania Yongfu Ouyang, Chief, Sustainable Institutional Investment, UNCTAD
	Panel Discussion I
09:40 – 10:35	Creating an enabling environment for green energy investments in Tanzania: Opportunities and Challenges <i>Moderator:</i> Dr. Mohamed Alhaj, Renewable energy expert, UNCTAD <ol style="list-style-type: none"> 1. Mr. Joseph Kilangi, Permanent Secretary, Ministry of Water, Energy and Minerals, Zanzibar 2. Eng. Christopher Bitesigirwe, Acting Assistant Commissioner for Electricity, Ministry of Energy, Tanzania 3. Ms. Emma Laswai, Deputy Executive Secretary of the Tanzania Renewable Energy Association (TAREA) 4. Damian Casmiri, Off-Grid Advisor for Tanzania under the USAID-funded Power Africa – Empower East and Central Africa Program
10:35 -10:50	Coffee Break & Group Photo
	Panel Discussion II
10:50 – 11:45	Financing energy transition: innovative schemes and the role of development financial institutions and institutional investors <i>Moderator:</i> Yongfu Ouyang, Chief, Sustainable Institutional Investment, UNCTAD <ul style="list-style-type: none"> • David Kafulila, Executive Director, Public Private Partnership Centre, Ministry of Finance & Planning, Tanzania • Anthony Murungaru, Investment Officer – Energy & Infrastructure, East Africa, Proparco, Agence Française de Développement Group • XIE Wenhong, Senior Expert, Climate Bond Initiative • Rahul Agarwal, Institutional Investment Expert, UNCTAD • Lisa Kurbiel. Head of Secretariat, UN Joint SDG Fund
	Focus Group discussions
11:45 – 12:45	<i>Moderator:</i> Dr. Mohamed Alhaj, Renewable energy expert, UNCTAD Catalyzing Green Investments: Overcoming barriers and identifying opportunities in Tanzania’s Energy Transition All Participants Participants will be divided into focus groups to discuss the challenges in energy transition/green investments and proposed recommendations.
12:45 – 13:00	Summary of focus group discussion
	Closing
13:00 – 13:15	<ul style="list-style-type: none"> • Mr. Saleh Saad, Zanzibar Investment Promotion Authority (ZIPA) • Mr. Yongfu Ouyang, Chief, Sustainable Institutional Investment, UNCTAD
13:15 -14:30	Lunch offered by UNCTAD

Annex II: List of Participants

1.	Mr. Joseph Kilangi	Permanent Secretary	Ministry of Water, Energy and Minerals, Zanzibar
2.	Ms. Shabnam Mallick	Head of UN Resident Coordinator's Office	Tanzania
3.	Mr. Saleh Saad	CEO	Zanzibar Investment Promotion Authority (ZIPA)
4.	Dr. David Biswalo	Principal Director of investment- Agriculture	Tanzania Investment Centre
5.	Eng. Christopher Bitesigirwe	Acting Assistant Commissioner for Electricity	Ministry of Energy, Tanzania
6.	Mr. Fadhili Chilumba	Assistant Director of Private Investment	President's Office, Planning and Investment (POPI)
7.	Mr. Mtanya Matuja	Project Management Specialist, Energy	U.S. Agency for International Development (USAID)
8.	Ms. Caroline Chema Eric		African Development Bank
9.	Mr. Imanuel W. Muro	Senior Finance Specialist	United Nations Capital Development Fund (UNCDF)
10.	Mr. Juma A. Nzima	Investment Officer	Tanzania Investment Centre
11.	Mr. Kasimu M. Said	Investment Officer	Tanzania Investment Centre
12.	Mr. Pendo Gondwe	Public Relations Manager	Tanzania Investment Centre
13.	Mr. Lois Kassana	Policy analyst	, Tanzania Private Sector Foundation (TPSF)
14.	Ms. Beatrice Muthoni Ngugi	Business Development Manager	Infraco, Infrastructure and Climate Finance, InfraCo Africa
15.	Mr. Farida Nasser Mohammed	Manager Investment Promotion & Marketing	Zanzibar Investment Promotion Authority (ZIPA)
16.	Ms. Lilian R. Shembilu	Senior Public Relations Officer	Tanzania Investment Centre
17.	Mr. Noel A Mwafyela	Senior Investment Facilitation officer	Tanzania Investment Centre
18.	Mr. Deogratius Meela	Personal Secretary to Acting Deputy Commissioner	Ministry of Energy
19.	Mr. Al-Haji M. Jecha	Director - Research and Planning	Zanzibar Investment Promotion Authority (ZIPA)
20.	Mr. Emmanuel Mashimba	PPP Commissioner	Public – Private Partnership Centre, Zanzibar
21.	Ms. Genoveva Mkembela	Resource Mobilization Officer	Tanzania Electric Supply Company Ltd (TANESCO), HQ, Dodoma

22.	Mr. Eric Simon	Banking Officer	NMB
23.	Mr. Buthayna Mohammed	Banking Officer	NMB Bank
24.	Mr. Keneth Kaganga	Senior Local Content Officer	Energy and Water Utilities Regulatory Authority, EWURA
25.	Ms. Debora Wicklif Sango	Head of Administration Section	Elsewedy Electric East Africa
26.	Mr. Jiang Yifan	Business Manager	Northwest Power Construction Engineering Co. Ltd., International Division
27.	Mr. Li Baowei		China Gezhoubu Group Co. Ltd.
28.	Ms. Yan Zuoyan	Marketing Manager	China Energy International Group Company Ltd, Tanzania Branch
29.	Mr. Wang Hanting		China Energy International Group Company Ltd
30.	Ms. Jolene Ngaluko Mtalo	Head of Marketing and Communications Section	Elsewedy Electric East Africa
31.	Ms. Emma Laswai,	Deputy Executive Secretary	Tanzania Renewable Energy Association (TAREA)
32.	Mr. Damian Casmiri,	Off-Grid Advisor for Tanzania	USAID-funded Power Africa – Empower East and Central Africa Program
33.	Mr. Anthony Murungaru,	Investment Officer, Energy & Infrastructure, East Africa	Proparco, Agence Française de Développement Group
34.	Mr. Matthieu Bommier	Senior Infrastructure Specialist	Agence Française de Développement Group
35.	Mr. Godfrey Seale	Expert	MG Empire Consultancy
36.	Ms. Faraja Mgwabati	Investment Promotion expert, Consultant	UNCTAD
37.	Mr. Ermias Biadgleng	Legal Affairs Officer	UNCTAD
38.	Mr. Yongfu Ouyang	Chief, Sustainable Institutional Investment	UNCTAD
39.	Dr. Mohamed Alhaj	Renewable energy expert,	UNCTAD
Remote participants			
40.	Mr. XIE Wenhong	Senior Expert	Climate Bond Initiative
41.	Mr. Rahul Agarwal	Institutional Investment Expert	UNCTAD
42.	Ms. Lisa Kurbiel	Head of Secretariat	UN Joint SDG Fund
43.	Ms. Natalia Guerra	Senior Capacity Building Expert	UNCTAD

Anex III: Media and photo gallery

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TANZANIA

Tanzania seeks foreign investors for energy transition projects

by William Leake

September 18, 2024



DAR ES SALAAM: THE Tanzania Investment Centre (TIC) has called on the private sector and foreign investors to invest in energy transition projects, assuring them of a conducive business environment.

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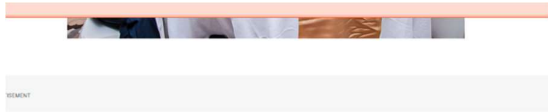
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He disclosed at the meeting that Tanzania and UNCTAD have agreed on a three-year deal aimed at attracting finance and investment in energy transition-related projects.

The meeting on Thursday served as a platform for stakeholders to collect feedback, insights, and inputs for the successful development and implementation of a national strategy regarding finance and investment to support energy transition projects.

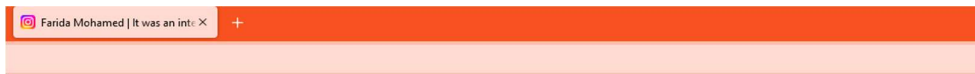
"Tanzania is privileged to have this opportunity.

We are among the five countries in Africa that have been chosen by UNCTAD for this project, which is aimed at attracting investment financing that will subsequently enhance the availability of affordable energy," Biswalo added.



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On her part, the Deputy Executive Secretary of the Tanzania Renewable Energy Association (TAREA), Emma Laswai, urged the government to oversee such investments and create more supportive policies to attract additional investors.



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It was an interesting stakeholders' meeting on attracting finance and investment in energy transition in Tanzania.

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This five year project by UNCTAD will cover all part of Tanzania including Zanzibar.

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See after the meeting was held.



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the_moneypedia The Tanzania Investment Centre (TIC) has urged private sector players and foreign investors to capitalize on opportunities in the energy transition sector, assuring them of a favorable business environment. Speaking at a Dar es Salaam meeting focused on "Attracting Finance and Investment for the Energy Transition in Tanzania," TIC's Principal Investment Officer, Davis Biswalo, highlighted reforms in policies and legal frameworks designed to attract both local and international investments.

Biswalo disclosed that Tanzania has signed a three-year agreement with the United Nations Conference on Trade and Development (UNCTAD) to promote finance and investment in

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dailymews_tz The Tanzania Investment Centre (TIC) has called on the private sector and foreign investors to invest in energy transition projects, assuring them of a conducive business environment.

Speaking at a meeting held in Dar es Salaam, which focused on "Attracting Finance and Investment for the Energy Transition in Tanzania," TIC's Principal Investment Officer, Mr Davis Biswalo, told energy stakeholders that the reformed policies and legal frameworks provide opportunities for both local and foreign investors to exploit available opportunities in the subsector.

He disclosed at the meeting that Tanzania and UNCTAD have agreed on

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UN Trade and Development (UNCTAD) and the **Tanzania Investment Centre** recently brought together key stakeholders from various sectors in Tanzania tz to identify key challenges and opportunities for international investment to support the country's energy transition plans.

They agreed on elements of a strategy to promote and facilitate international finance and investment in sustainable energy-related projects in the country.

The discussions took place under a project by **UN Trade and Development (UNCTAD)** in support of five African countries - Ethiopia et , Malawi mw, Namibia na, Seychelles sc and Tanzania tz - to strengthen their capacity to promote and facilitate investments that contribute to the energy transition.









Tanzania Investment Centre Natalia Guerra Ermias Biadgleng



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Keynote address by
Permanent Secretary,
Ministry of Water,
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Panel discussion on
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