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ANNEX

to the Commission Decision amending Commission Decision C(2020)3494 final of 26.5.2020
on the financing of the Annual Action Programme 2020 – part 1 in favour of the United
Republic of Tanzania

Action Document for ‘Tanzania Energy Sector Reform Programme’

1. Title/basic act/ CRIS number	Tanzania Energy Sector Reform Programme CRIS number: TZ/FED/040-387 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/ location	Tanzania The action shall be carried out at the following location: Tanzania mainland, national level.	
3. Programming document	National Indicative Programme (NIP) 2014-2020 for Tanzania	
4. Sustainable Development Goals (SDGs)	Main SDG: SDG 7 (universal access to energy, renewable energy and energy efficiency) Secondary SDGs SDG 13 (combat climate change and its impacts), SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and SDG 5 (gender equality and empower all women and girls)	
5. Sector of intervention/ thematic area	Energy	DEV. Assistance: YES ¹
6. Amounts concerned	Total estimated cost: EUR 35 000 000 Total amount of EDF contribution: EUR 35 000 000	
7. Aid modality and implementation modalities	Project Modality Direct management Budget Support: Sector Reform Performance Contract ; Indirect management with the entity to be selected in accordance with the criteria set out in section 5.4.1.	
8 a) DAC codes	230 – Energy 231 - Energy Policy (23110 - Energy policy and administrative management) 232 - Energy generation, renewable sources (23210 - Energy generation, renewable sources - multiple technologies)	

¹ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

b) Main Delivery Channel	Recipient Government - 12000			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	X
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	X
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>
10. Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Migration	X	<input type="checkbox"/>	<input type="checkbox"/>
11. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

Energy is one of the top priorities for the Government of Tanzania which recognises that increased access to modern and reliable energy services is essential to achieve its main development goals. Energy access will also reinforce the achievement of the rights to sanitation, housing, health and education of the citizens among other human rights. The Government, with the support of the international donor community, is therefore mobilising substantial resources to increase energy access and generation capacity. With the development of the national energy sector, the government needs to properly factor in the related implications in terms of energy security, sustainability, competitiveness and environment.

In particular, the increase in power generation that is underway, notably through the construction of the Julius Nyerere Hydropower Plant, is likely to have a profound impact on several energy sector dimensions. These include the operations of the national utility, Tanzania Electric Supply Company (TANESCO), which is slowly recovering from a difficult financial position, as well as the participation of the private sector in the energy market. TANESCO will have to scale-up its capacity in a number of areas and to significantly increase its outreach in the country, while supporting electricity demand in rural areas. In this context, the ambitious Electricity Supply Industry (ESI) Reform Strategy and Roadmap 2014 - 2025, aiming at reforming TANESCO and liberalising electricity markets, has lost its initial drive and needs to be updated on the basis of a more gradual path of reforms in order to recover momentum and political backing. Tanzania's regulatory framework in support of renewable energy is overall sound and advanced but needs to be properly enforced and flanked by a strong long-term policy. On the other hand, the framework to promote energy efficiency and clean cooking is currently

limited and the Ministry of Energy has a strong interest in its development, which the EU is already supporting.

Energy is a focal sector in the 11th EDF National Indicative Programme (NIP) for Tanzania 2014-2020 with a total envelope of EUR 180 000 000. Focus is on broader energy sector reforms, access to electricity (rural electrification) and modern energy services, including the promotion of energy efficiency, clean cooking solutions and support for private sector participation in the sector.

Support for energy sector reforms, particularly related to TANESCO, is a long-standing priority of the EU in Tanzania and is key to facilitating other investment in the sector, including in renewable energy by the private sector that sell all or part of their generation to TANESCO. This programme should therefore not be seen as emerging in connection with the construction of the Julius Nyerere Hydropower Plant, at the same time, it factors in the impact of this major project and has been devised in coordination with the Ministry of Energy, to conjugate reform objectives in a new sector environment. The programme's risk mitigation strategy includes a significant strand of activities in the field of policy and investment analysis and planning, including in the field of environmental impact assessments. In addition, the current strong cooperation and dialogue with the Ministry of Energy will continue in the implementation phase, including through a solid governance structure that encompasses private sector and civil society to ensure broad stakeholder involvement to monitor, evaluate and steer the implementation of the agreed actions.

The programme contributes to SDGs 7, 5, 8 and 13 and is in line with the 'People', 'Planet' and 'Prosperity' components of the European Consensus on Development².

Its overall objective is to enhance the sustainable development of Tanzania's energy sector.

Specific objectives are:

- 1) Improved service delivery (availability, affordability, acceptability and quality) and value for money for the customers of the national utility TANESCO;
- 2) Strengthened role of clean energy, energy efficiency, and a conducive business environment and integrated planning in energy policy;
- 3) Reinforced energy sector knowledge and analysis by stakeholders, including private investors, academia and civil society organisations (gender sensitive).

The main counterpart for this programme is the Government of Tanzania – including the Ministry of Energy (MoE), the national utility TANESCO, the Energy and Water Utilities Regulatory Authority (EWURA) the Rural Energy Agency (REA) and the National Bureau of Statistics (NBS).

² OJ C 210 of 30.6.2017.

1 CONTEXT ANALYSIS

1.1 Context Description

Tanzania, with a 2017 estimated population of 57 million (51.3 % female and 48.7 % male), is an emerging economy with high growth potential. For the past decade, the country has maintained a relative macroeconomic stability with a real gross domestic product (GDP) growth rate of 7 % but with some current slowdown. While about 14 million Tanzanians continue to live below the basic needs poverty line, statistics indicate that poverty has declined from 28.2 % (2012) to 26.4 % (2018)³. Tanzania's population is predominantly rural (76 %) and young (64 % is aged less than 25 years). Tanzania is ranked 154 out of 189 countries in the UN Human Development Index and 130 out of 189 countries in the Gender Inequality Index in 2017.

To eradicate poverty, Tanzania recognises the need for sustainable industrialisation to stimulate economic growth. Limited energy access and unreliable electricity supply is a key obstacle to attain this objective. Lack of modern energy technologies and services is also among the barriers for women to improve their life quality and move out of poverty (by limiting their productivity and impeding their economic transformation).

Tanzania's electricity access rates are broadly on average with the countries of the South Africa Power Pool (SAPP). However, according to the Energy Access Situation Report 2016, per capita annual power consumption amounts to 153 kWh, which is only 30 % of the regional average. Also, Tanzania has the second-lowest level of installed capacity per electricity customer in the SAPP region. Power demand is expected to grow annually by 10-15 %. Biomass (wood and charcoal) is the main source of energy, accounting for 80 % of Tanzania's total final energy consumption. Wood-based fuels are expected to be replaced by electric power, gas and petroleum products as the country urbanises. In the electricity sector, the 1.60 GW of installed generation capacity is largely based on gas (57 %) and hydropower (37 %)⁴. Tanzania per capita emissions are estimated at 0.2 tCO₂e. On the other hand, the country has a total of 48.1 million hectares of forested land under different management regimes, with a current estimated total of 9.03tCO₂e. The estimates imply that Tanzania is a net sink⁵.

Given the above, Tanzania's current energy policy efforts are mainly focused on (i) developing power generation capacity and (ii) increasing electricity access and connections in rural areas. The 2019 'Doing Business' report ranks Tanzania as 83rd country worldwide on 'getting electricity', indicating a relatively reliable supply and connection costs and times in line with the regional average.

³ Tanzania 2017-18 Household Budget Survey, June 2019.

⁴ TANESCO's Grid Control Centre, 14 March 2019.

⁵ Tanzania Intended Nationally Determined Contributions (INDCs).

Key electricity data

		2019 data ⁽¹⁾	With priority generation projects in 2023 ⁽²⁾
Generation capacity (MW)		1601	6036
	of which hydro (%)	36.6 %	63 %
	of which gas (%)	57 %	20 %
	of which coal (%)	0 %	10 %
	of which solar and wind (%)	0 %	6 %
		2017-2018 data⁽³⁾	
Rate of connection to electricity (grid)	Tanzania mainland	29 %	
	Urban areas	63.2 %	
	Rural areas	10.4 %	
		2016 data⁽⁴⁾	
Rate of connection to electricity (any form)	Tanzania mainland	32.8 %	
	Urban areas	65.3 %	
	Rural areas	16.9 %	
		2016 data⁽⁴⁾	
Rate of access to electricity (grid)	Tanzania mainland	67.5 %	
	Urban areas	97.3 %	
	Rural areas	49.3 %	

⁽¹⁾ TANESCO's Grid Control Centre, 14 March 2019;

⁽²⁾ Includes priority generation projects to be completed by 2023, according to the budget speech 2019;

⁽³⁾ 2017-18 Household Budget Survey, June 2019;

⁽⁴⁾ Energy Access Situation Report, 2016.

A top government priority is the construction of the Julius Nyerere Hydropower Plant in the Selous game reserve, a UNESCO World Heritage site, which would add 2115 MW of generation capacity. For this purpose, the public energy budgets for 2018/19 and 2019/20 respectively earmarked EUR 260 000 000 and EUR 559 000 000 (41 % and 67 % of each total energy budget). In December 2018 the Government signed a USD 2.85 billion contract with an Egyptian Joint Venture for the construction of the HPP. Construction is currently ongoing and the HPP is expected to be commissioned in 2022.

The project would greatly increase generation from renewable sources in the country, while the impact of climate change on future water supply can create project risks in the long term. On the environmental side, the project will imply 3.5 million m³ of tree logging at upstream level and possible disruption of agriculture, fishery, ecosystems and biodiversity downstream due to flooding regime changes. The Government underlines that the project will boost tourism and positively impact on the downstream population through enhanced flood control⁶. It also points out that the ESIA shows the project is environmentally viable and an action plan for mitigation is in place⁷. Some international actors (including IUCN) note that the ESIA has not been carried out at the required international standards and that the likelihood of significant negative

⁶ Ministry of Energy and TANESCO, Rufiji Hydropower project – pioneering the future through bold decisions, July 2019.

⁷ *Ibid.*

environmental and social impact is high⁸. Other questions relate to the financing arrangements, information on design studies, and constraints on the electricity market structure and private investments in generation. The Julius Nyerere Hydropower Plant will also have strong implications for the business operations of TANESCO (see section 1.5).

Rural electrification is a key priority of the government and the Power System Master Plan of 2016 acknowledges the challenges to meet current demand. The government is prioritising rural on-grid electrification, which requires adding more capacity to the grid and demand-side management interventions. However, grid extension has shown deviations from the Rural Electrification Master Plan, which undermines business predictability for off- and mini-grid investments.

1.2 Policy Framework (Global, EU)

This programme integrates key elements of the 2011 EU Agenda for Change⁹, the United Nations 2030 Agenda for Sustainable Development, and the European Consensus on Development, including a focus on inclusive and sustainable economic growth (Prosperity), women's empowerment and youth engagement (People) and sustainable management and use of natural resources, including for climate change mitigation (Planet).

International energy cooperation is fully embedded in the EU Global Strategy of 2016, whose implementation requires strengthening synergies between EU climate and energy diplomacies¹⁰. The 2019 review of the EU Global Strategy reaffirms the importance of energy cooperation. The implementation of the EU's Energy Union strategy (2015) has a strong external component, including significant efforts at global level related to the EU energy and climate agenda and to the implementation of the Paris Agreement. The EU recognises energy as a key development challenge and it is strongly supporting the UN initiative Sustainable Energy for All (SE4ALL). The programme is in line with these EU global frameworks and it supports the third pillar of the EU's External Investment Plan¹¹, which requires the development of a favourable investment climate and business environment.

The programme is in line with the EU Gender Action Plan (2016-2020)¹², underlining the need to focus on energy in ensuring 'Equal access and control over clean water, energy, transport infrastructure, and equitable engagement in their management, enjoyed by girls and women'. Equal access and control over energy can lead to women's economic empowerment, strengthened voice and agency amongst women in the energy sector, and reduced levels of gender-based violence, among other things.

The action is also aligned with the Commission's Staff Working Document on sustainable energy entitled "Empowering Development - The strategic approach to sustainable energy cooperation in development" published in 2017¹³. It describes the EU approach for cooperation and development in energy that aims at supporting developing countries towards economic growth powered by sustainable energy, to reach three interlinked objectives: i) address the lack of energy access by improved generation and interconnection capacities and governance

⁸ IUCN, Technical review of the Environmental Impact Assessment for the Rufiji Hydropower Project in Selous Game Reserve, Tanzania, 18 April 2019.

⁹ COM(2011)637 final of 13.10.2011.

¹⁰ Council conclusions 6981/17, 6 March 2017.

¹¹ COM(2016) 581 final of 14.9.2016.

¹² Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020, SWD(2015)182 final of 21.9.2015.

¹³ <http://data.consilium.europa.eu/doc/document/ST-15866-2017-INIT/en/pdf>

framework; ii) increase renewable energy generation and energy efficiency; iii) contribute to the fight against climate change.

1.3 Public Policy Analysis of the partner country/region

Tanzania's Vision 2025 charts the country's path to become a 'diversified and semi-industrialised economy with a substantial industrial sector comparable to typical middle-income countries'. The National Five-Year Development Plan 2016/17 – 2020/21 focuses on industrialisation, human development and implementation effectiveness, recognising the need to enhance security of energy supply and efficient supply and consumption of energy to improve industrial competitiveness.

The National Energy Policy of 2015 aims at ensuring affordable and reliable energy supply through (inter alia) private investments, expansion of energy infrastructures, enhanced energy efficiency, increased indigenous energy production and diversified energy mix. In particular, it provides strategic directions in the areas of electricity, petroleum and gas, renewables and energy efficiency, and cross cutting and institutional matters. The 2014 'Electricity Supply Industry (ESI) Reform Strategy and Roadmap' aims at attracting private sector investment, reducing public expenditure, unbundling the Tanzania Electric Supply Company (TANESCO) and liberalising electricity markets. Implementation of the ESI Strategy slowed down in 2017 and some of the long-term, structural actions have moved down on the list of political priorities. Nonetheless, numerous short- and medium-term measures - notably those related to TANESCO's financial sustainability, operational efficiency and quality of service - seem to be relevant and credible in the current environment.

The Government committed to the global Sustainable Energy for All (SE4ALL) initiative in 2012, endorsed the Action Agenda and Investment Prospectus in 2016 and adopted its SE4ALL Gender Action Plan in December 2018. These are key guiding documents for implementation and achievement of country objectives and 2030 targets. Tanzania's Nationally Determined Contributions (NDC) include promotion of energy efficiency technologies, enhancing efficiency in wood-fuel extraction and utilisation, enhancing the use of renewable biomass, and exploring and investing in energy diversification system. In its INDC, Tanzania states its goal to embark on a climate resilient development pathway that will reduce Greenhouse Gas (GHG) emissions by 10 % to 20 % by 2030, relative to the projected 2030 business as usual emission of 130-153MtCO₂e.

The policy framework in support of sustainable energy is overall sound and advanced in the field of renewable energy¹⁴. However, implementation and enforcement of this policy framework presents significant challenges and in practice some sound initiatives have very limited effects (direct sale, net metering). In the field of biomass, a 'Biomass Energy Strategy' was developed in 2014 with the support of the 'EU Energy Initiative Partnership Dialogue Facility' but ultimately not adopted and now needs to be updated. Clean energy for cooking is high on the policy agenda and the government has set up a national Task Force that has produced a report on the charcoal sub-sector development (currently under stakeholder validation). The regulatory framework for Energy Efficiency (EE) is currently limited. The EU is supporting the government with the development of a 20-year EE strategy and an Energy Efficiency Action Plan (11th EDF), to be validate in 2023. In the last few years, the MoE adopted a number of key strategic 'master plans' that provide long-term directions on important energy priorities. Relevant master plans include the 'Power System Master Plan' (2016) and the 'Rural Energy Master Plan', which is under finalisation.

¹⁴ Generation and distribution are liberalised, a clear framework is in place for small independent power producers and off-grid developers, net metering rules have been recently established and direct sale to consumers is allowed.

1.4 Stakeholder analysis

Key stakeholders for this programme are the Ministry of Energy (MoE), the national utility Tanzania Electric Supply Company (TANESCO) and the Energy and Water Utilities Regulatory Authority (EWURA). The MoE is responsible for policy formulation. It also controls TANESCO and, to a certain extent, EWURA. TANESCO is a state-owned vertically-integrated utility company with a *de jure* monopoly position in the electricity transmission, a *quasi-monopoly* position in distribution and sale, and controlling 86.5 % of on-grid power generation¹⁵. EWURA is an autonomous multi-sectoral regulatory authority responsible for technical and economic regulation of the electricity, petroleum, natural gas and water sectors. In particular, it regulates tariffs, the operations of TANESCO, independent power producers (IPPs) and mini-grids. Another counterpart of this action is the National Bureau of Statistics (NBS), an autonomous public office in charge of providing official statistics and ensuring their quality. The National Carbon Monitoring Centre (NCMC) for GHG emission statistics. The Rural Energy Agency (REA), a Government agency under MoE in charge of rural electrification, is the beneficiary of a sizable ongoing EU support but is not a major counterpart for this specific programme.

Several Development Partners (DPs) are active in the sector and provide complementary support to this action. DPs coordinate their actions through the Energy Development Partners Group (EDPG) that the EU co-chaired in 2017-2019.

Sectoral Business Associations are also important stakeholders, providing updates on opportunities and challenges in the energy business environment in Tanzania. Collaboration with Civil Society actors will play an important role to embed cross-cutting perspectives in the programme, including the ‘Tanzania National Gender and Sustainable Energy Network’ (TANGSEN). Direct beneficiaries of this programme are the duty-bearers, the Government and related public entities. The ultimate beneficiaries are the right holders, Tanzania’s energy consumers, taxpayers and the population at large - women, men, girls and boys.

1.5 Problem analysis/priority areas for support

About two-thirds of Tanzanians do not have access to electricity. Lack of access to modern energy services profoundly affects concerned communities and, among others, it translates into lack of access to proper education, health services, and business opportunities. Lack of access to clean energy for cooking also has a negative impact on women’s and children’s health. It also prevents them from doing schoolwork or other activities as they are in charge of collecting firewood which takes a lot of time. For those Tanzanians who do have access, many are still experiencing problems with the reliability and quality of their electricity service. This affects people’s quality of life and can be particularly damaging for businesses – from small village businesses to big manufacturing industries¹⁶. Whilst there is certainly the need to increase the overall quantity of supply, an equally important issue is how to improve customer perceptions of quality of supply. Taking Dar es Salaam as an example, many of the reliability issues are caused by the distribution network rather than the lack of supply (e.g. cold cabling or unreliable transformers). With regard to mini-grids, in some instances there are concerns by the rural population about the end-user cost of electricity supplied, especially when compared to TANESCO’s low consumption tariff for rural areas.

In the electricity sector, TANESCO’s financial situation worsened significantly with the recourse to expensive emergency generation after heavy droughts in 2003 and 2011, which

¹⁵ TANESCO’s Grid Control Centre, 14 March 2019.

¹⁶ The 2013 World Bank Enterprise Surveys showed that power outages in Tanzania cost businesses about 15 % of annual sales and greater availability of energy has been shown to lead to higher income, more jobs, and improved educational attainments at the individual household level.

affected hydro generation capacity at that time. Since then, TANESCO has phased out all emergency generation facilities, reduced its system and commercial losses (system losses decreased in the period 2011-2015 from 21.4 % to 17.5 %)¹⁷, and improved the reliability of supply. As a result, TANESCO's operating margin turned from -41 % in 2013 (USD - 239 000 000) to +12 % in 2017 (USD +80 000 000)¹⁸. The Energy Minister declared that a small operating surplus (USD 9 000 000) is expected in 2019. However, the debt accumulated by TANESCO remains substantial: according to the Energy budget speech 2019/20, the latest 2019 figure on TANESCO's debts amounted to EUR 371 000 000.

TANESCO electricity tariffs are differentiated by consumer groups. Small household consumers (defined as average consumption below 75 kWh per month) have been and continue to be subsidised (the tariff applied to this consumer group is TZS 100/kWh, compared to a general use tariff of TZS 292/kWh). In relative terms, tariffs for small household consumers increased by 67 % between 2012 and 2019, in absolute terms the increase amounts to TZS 40 per kWh¹⁹.

Recent studies on the financial sustainability of TANESCO identify promising areas to enhance the operational efficiency of TANESCO, which constituted a key input in the formulation of this action. TANESCO's financial distress currently reduces the scope for long-term policies (e.g. in the areas of preventive maintenance management), which would greatly improve service quality to its customers. In addition, it limits private investments in generation and increases the investment risk, given TANESCO's role as electricity off-taker. Cross-subsidisation hampers the gradual reorganisation of the company into different business units responsible for generation, transmission, distribution and supply – which would pave the way to its possible business turnaround and to the structural reforms envisaged in the ESI Reform Strategy. Lastly, improving TANESCO's operations can also tackle the issue of non-cost-reflective tariffs from the opposite end, given the challenges related to further tariff increase following two increases in 2012 and 2014 (of 40 % on average in each instance).

By increasing current generation capacity by 135 %, the impact of the Julius Nyerere Hydropower Plant project is not limited to environmental considerations (see section 1.1) as it will deeply shape Tanzania's electricity sector. Strong dependence on a single generation asset can pose challenges in terms of security of supply and system efficiency. The effects on energy affordability and market competition will depend on investment cost, lead time and electricity demand developments. However, one can assume a reduced room in the generation business because of the significant capacity increase to be produced at low marginal costs. The project will also deeply impact the operations of TANESCO: the company will need to scale-up its capacity in a number of areas, including grid management, cross-border trade and quality of service delivery. At the same time, the company will need to strongly increase its outreach in the country and support electricity demand in rural areas – notably through promotion of productive use of energy. In order for TANESCO to improve quality of service and enhance its customer base within a more sophisticated environment, it will need to be supported in improving its management and operations, both at headquarters and in its regional offices.

In the area of sustainable energy, the sound framework in place to promote electricity generation from renewable sources is not delivering the expected results, in particular for development of small privately owned generation facilities. The government is keen to support the deployment of sustainable energy beyond electricity, notably in the biomass and geothermal sectors, which show high potential but need to be developed in an environmentally sustainable way. Tanzania does not have in place an overarching policy framework providing strategic

¹⁷ Tanzania Power System Master Plan, 2016.

¹⁸ Implementation completion and results report, World Bank, 21 December 2017.

¹⁹ *Ibid.*

direction in different subsectors and long-term signals²⁰. This includes a comprehensive strategy for the reduction in use of biomass energy, which represents 85 % of total energy consumption and has significant climate change and environmental effects, both in terms of CO2 emissions and country deforestation. Biomass is used mainly for cooking: in 2017/18 firewood fuelled 61 % of total cooking energy (85 % in rural areas) while charcoal represented 29 % of total energy for cooking (61 % in urban areas)²¹. Energy Efficiency is also high on the government agenda, where the EU has positioned itself as a key partner (through a specific Contribution Agreement with UNDP) for the development of the regulatory framework (updated Energy Efficiency Strategy and Action Plan), identification of Minimum Energy Performance Standards (MEPS) and related Energy Efficiency labelling for common house appliances, development of a framework for certification for energy efficiency in large buildings and industries, creation of professional qualifications for Energy management and audit and awareness creation in consumers;

Energy is a priority area for the Government and it is heavily focusing its resources to increase energy generation and access. Decisions in these areas have long-lasting effects on energy security, financial viability of the sector and private sector involvement in delivering modern energy services. In this context, the unavailability of reliable, timely and accurate energy data prevents the development of well-informed policy analysis and evidence-based policies. For this purpose, assistance to the development, review and update of policy frameworks, key strategies and underlying studies as well as capacity building in policy analysis and planning, impact assessment, and economic modelling is equally needed.

Tanzania's energy policies and key documents duly recognise gender disparities in the energy sector and women's burden due to dependency on biomass energy. However, implementation can be improved, notably in terms of targeted programmes to address these challenges. Moreover, women in the energy sector are underrepresented, both at decision making and/or policy level and in energy enterprises.

1.6 Other areas of assessment

1.6.1 Fundamental values

The recent Risk Management Framework (RMF) concluded that the political risk (including dimensions on Human Rights, Democracy, Good Governance, Equality and Rule of Law) remained moderate.

The EU Delegation will continue to monitor the risks identified and reported through the Risk Management Framework.

It is concluded that while pre-conditions for a budget support operation continues to be considered as met, careful monitoring and close follow-up is required.

1.6.2 Macroeconomic policy

Overall, Tanzania's macro-economic outlook is relatively stable, even though the country is weathering further global economic shocks while recovering from the pandemic. The recovery is experiencing a slow-down, as GDP projections for 2022 dropped to 4.7% from 4.9% in 2021

²⁰ For instance, the contribution from renewables to the overall energy mix varies according to the strategic documents recently adopted by the Government.

²¹ 2017-18 Household Budget Survey, June 2019.

and 4.8% in 2020²². Growth is driven by increased private sector consumption, increased mineral consumption and sustained investment in public infrastructures. This signals a cautious shift towards private-sector led growth, as credit to the private sector has expanded and is projected to expand further²³. The overall slow recovery is a result of spillovers from the war in Ukraine, which has driven cost of imports of food and fuel up globally, led to subdued tourist arrivals and caused disruptions in fertilizer and pesticide markets.

While the impact of external shocks is evident, the Tanzanian economy proves to be relatively resilient, benefitting from years of sound macro-economic management. Throughout FY2021/2022, key macro-economic indicators have generally recorded the anticipated slowdown, but not to the extent that macro-economic stability is at risk. The new IMF programme gives further confidence in the reform agenda of the authorities and their commitment to macro-economic stability. Tanzania also maintains middle-income country status based on the latest GNI per capita data for 2021. The level of gross international reserves declined during 2022 by US\$1.2 billion to US\$5.2 billion (about 4.3 months of imports) in December 2022.

In terms of macro-economic trends, challenging global conditions negatively impacted Tanzania's fiscal deficit, debt sustainability indicators and the current account deficit. Reserves declined from 5.8 to 4.5 months of imports between March and September 2022²⁴ and to 4.3 months by December 2022²⁵ but are still sufficient, above the East African Community benchmark. Despite global inflationary pressures, the Government has kept inflation at single digits and within the 3-7% target range²⁶. Headline inflation rose to a five year high at 4.8% in September 2022, driven by food inflation at 8.3% and fuel, energy and utilities inflation at 7.9%. Food inflation doubled in one year as it stood at 4% in September 2021 and energy inflation was 4.6% in September 2022.

Tanzania's debt to GDP ratio continues to increase, though from a relatively low level. Between June 2021 and June 2022, the debt to GDP ratio rose from 41.5% to 42.4%. During the same period, Central Government debt stock increased with 11.34 percent to 71.55 trillion shilling or USD 30,954 million.²⁷ The external borrowing plan of the Government shows that after the current fiscal year, new external borrowing is expected to decline.

The risk of public debt distress and external debt distress are both moderate²⁸, which is consistent with the previous IMF DSA conducted in 2021. Tanzania is still well below the benchmark of the present value for public debt to GDP, which for medium debt carrying capacity is 55%. The pandemic exposed Tanzania's narrow export as a key vulnerability when volume and value of exports fluctuate significantly (i.e. tourism). All external debt burden indicators stayed below thresholds, except for the debt-service to export ratio in 2023/24. The debt service to revenue ratio is also relatively high at 12% in 2021 (below 18% threshold). Tanzania has limited space to absorb shocks in the short-term, and needs to regain this space in the coming years through improve competitiveness of exports and increased domestic revenue

²² Official GoT growth rates. The IMF and World Bank have consistently estimated growth to be lower, but the recent IMF review has confirmed the growth rate in 2022 at 4.7%. Under the IMF programme, there will be continued efforts to enhance the national accounts data that inform the GDP figures.

²³ IMF staff report, Request for 40-month arrangement for Extended Credit Facility (5 August 2022)

²⁴ Bank of Tanzania (BoT), Monthly Economic Review (October 2022).

²⁵ <https://www.imf.org/en/News/Articles/2023/02/23/pr2350-tanzania-staff-level-agreement-2023-article-iv-consultation>

²⁶ Bank of Tanzania (BoT), Monthly Economic Review (October 2022).

²⁷ The IMF October World Economic Outlook estimates public debt to GDP at 39.5%, which is significantly lower.

²⁸ The latest Debt Sustainability Analysis by the Government of Tanzania is outdated, and a new assessment is ongoing in November 2022. Therefore, the IMF DSA from 5 August 2022 is used as a basis for this assessment.

mobilization. The country's decent level of reserves at 4.5 months of imports provides a buffer to further shocks.

The external debt composition recorded a shift from commercial to concessional borrowing. While before the pandemic, external commercial borrowing was on the rise to finance infrastructure projects (i.e. the SGR in FY 2021/22), the challenging external financing conditions led the Government to shift back to concessional financing through multilateral and bilateral sources. In 2021/22 the share of commercial borrowing as a share of new disbursement fell to 38% from 61% the year before. In June 2022, 61% of external public debt was from multilateral sources largely on concessional terms, 11% was from bilateral sources and 28% was from commercial banks and export credit agencies. Domestic debt remains small overall, but increased from 29.9% to 33% as the government continues to issue bonds to finance the deficit, development projects and incurred costs on overdraft.

Based on this assessment, it is concluded that Tanzania has a credible stability-oriented macro-economic policy.

1.6.3 Public Financial Management (PFM)

Tanzania continues to make progress in the implementation of PFM reforms and achievement of PFM outcomes.

Building on the Government's Five Year Development Plan III, the PFM reform strategic plan provides the main policy framework. The PFM reform strategic plan V ended in June 2022 and MoFP launched a new PFM reform strategic plan VI in November 2022. The sixth strategic plan spans a five year period from 2022/23 to 2026/27 and will be co-funded by the Government and development partners. This document will be the main frame of reference for this budget support operation²⁹.

The 2022 PEFA³⁰ confirms a positive track record in Tanzania over the medium-term, with an impressive net improvement in 9 scores (improvement in 12, deterioration in 3) across 4 out of 7 thematic areas. Tanzania improved its score for tracking of Central Government revenues and expenditures outside financial reports. GoT is better capable of tracking non-tax revenues through new Government systems, and reduced unreported expenditure from an estimated 4% in 2017 to an estimated 0.8% in 2019/20. The score for asset management improved stands at B+ with and A for fiscal asset monitoring and transparency of asset disposal. This is on account of the introduced Asset Management Information System and annual consolidated report on the overall performance of financial assets. The report contains information on the transfer and/or disposal of financial assets of public entities and more details on asset acquisition and disposal and transfer in the annual statements. The score for fiscal strategy (PI-15) improved from D+ to B. The budget speech now reports on the fiscal impact of expenditure measures and the budget guidelines report explicit, time-based quantitative fiscal targets including for the fiscal deficit. Budget documentation also reports more comprehensively on the divergences from previous fiscal targets.

Progress in implementation of supported sector policies – Public Finance Management Reform Programme IV, Corporate Plan 6 and Financial Sector Development Master Plan can be considered very satisfactory, with a clear buy in from the Government and visible achievements.

²⁹ This budget support programme monitors PFM reforms in Tanzania Mainland, not in Zanzibar.

³⁰ Public Expenditure & Financial Accountability (PEFA) assessment Tanzania (september 2022): <https://www.pefa.org/node/5062>

However, there are still important challenges remaining for the PFM systems to reach the intended impacts of strategic allocation of resources and efficient service delivery. Within the energy sector reform programme, the policy dialogue with Ministries of Finance and Energy will seek to improve the allocation of funds, efficient service delivery and the investment in the energy sector.

Given the commitment of the government in the PFM reform and the progress observed in recent years evidenced by the PEFA exercise and several assessments on the reform programme, it can be concluded that the PFM reform programme is relevant and credible.

1.6.4 Transparency and oversight of the budget

The Budget Act 2015 provides the legal basis for effective and transparent oversight of the budget process. The Budget process has been steadily improving in recent years in Tanzania and is fairly well established at present. Budget Guidelines are published each year around November, and budget discussions take place in Parliament between April and June. The Budget Speech is usually the second Thursday of the month of June, followed by the publication of the draft Finance Bill (including on the Parliament website), which usually allows for appropriation of the Budget through the Finance Act (also published on the Parliament website) before the start of the financial year on 1 July. The more detailed Budget Books are subsequently published in four volumes on the Ministry of Finance website, and although the first book (Volume I: Revenue) is often published very late in the year, the planned expenditure Volumes II-IV are published quite rapidly. There is also usually a Citizen's Guide to the Budget published by the Ministry of Finance together with The Policy Forum.³¹ Budget Execution Reports are supposed to be published quarterly on the Ministry of Finance website, and though this has been variable in the past two fiscal years (with no reports being published in the 2015/16 election year and serious delays in publishing the 2016/17 quarterly reports), the Ministry of Finance has committed to improving the situation again.³² The Minister of Finance gives two major updates on budget execution to Parliament: one during the end December "State of the Economy" speech and one during the June economic update speech which just precedes the Budget Speech. The Parliamentary Budget Committee is supported in its work by a recently-created Parliamentary Budget Office, and the Public Accounts Committee and Local Authorities Accounts Committee analyse expenditure based on external audit reports from the Controller Auditor General at the National Audit Office of Tanzania.

According to the Open Budget Survey 2021, Tanzania slightly improved its transparency score from in 2021. The improvement is due to more timely online publication of in-year reports. The latest Open Budget Survey 2021 assesses progress during fiscal year 2020/21. Since the OBS 2017, Tanzania has lost points because it did not publish the executive budget proposal online, and not before enactment. As explained below, the Government has however started doing this at least partly from FY2021/22 and FY2022/23. In terms of public participation in the budget process, there is no improvements since 2019.

The 2021 PEFA presents a mixed picture in terms of transparency and oversight of the budget, with three improved scores and two remaining structural weaknesses. Tanzania improved its scores for Central Government Operations outside financial reports (A), in-year budget reports

³¹ However, in 2016/17 the publication came very late (December online and January in hard copy) and it is not confirmed when publication is foreseen this year.

³² Note: new legislation changes from July 2017 mean that the Ministry of Finance will from now on be obliged to report on budget execution only every 6 months instead of 3 months; this is due to the administrative costs of reporting so frequently.

(C) and external audit (B). Tanzania improved reporting on expenditures from non-tax revenues through the Government Electronic Payment Gateway and expenditures from grant-financed development projects through the new D-fund system. These improvements reduced unreported expenditures and the coverage of these expenditures. The availability of budget execution reports has become more regular and timely compared to the 2017 PEFA, even though its content and scope of the comparison to the original budget did not change. Finally, independence of the supreme audit institution improved because the CAG now has full operational control over the execution of his budget, with clear procedures in place for formulation facilitated by a committee led by the Public Accounts Committee (opposition-led). Tanzania continues to score a D for PI-9 Public access to information and PI-5 Budget documentation, pointing to the need for a stronger reform effort in this area.

In parallel to the PEFA assessment, GoT has started taking clearer steps to improve transparency and the quality of budget documentation since March/April 2022:

- As part of the FY2022/23 budgetary cycle, the Government published volume's II-IV of the executive budget proposal online before enactment of the budget. Volume I was published as well, but only after enactment.
- Comprehensiveness of the budget improved as the FY2022/23 budget now also provides aggregates according to economic classifications. The FY2022/23 also includes high-level policy objectives with the associated funding allocations³³.
- The Government published the Citizen budget for FY2022/23 in August 2022, which is considerably sooner than the years before, when the citizen budget experienced a delay of approximately 10 months according to the PEFA 2021. The content and presentation of the Citizen budget improved as well during FY2022/23. It clearly spells out government policy objectives, the sectoral allocations and reforms in taxes, fees and levies.
- The Ministry of Finance and Planning launched a new website in September 2022, which considerably improved the accessibility of budget documentation and financial reporting. The new website provides up to date in-year reports for FY2020/21 and FY 2021/22 and budget documentation of the most recent 3 fiscal years, which had disappeared from the former website. Historical reports still need to be added. The new website also specifies the date of uploading, which allows for better tracking of timely publications.
- The new PFM reform strategic plan, pays significant attention to the challenge of transparency and quality of budget documentation in the situational analysis. The strategic plan formulates a Specific Objective 'Level of public access to budget documents improved in line with international best standard including PEFA and OBS' and also includes an indicative activity focussed on developing comprehensive budget documentation procedures.
- Tanzania committed to resuming Public Expenditure Reviews. A public expenditure review (PER) analyses the quantity and quality of public spending over time against policy goals and performance indicators. They usually give a good insight into the effectiveness of spending at sector level, which currently is not transparent.

Finally, oversight of the budget and public finances has improved over time. According to the PEFA, the independence of the supreme audit institution improved, because the CAG now enjoys full operational control over the execution of its budget. Processes are in place for the preparation of estimates and budget approval for the CAG which is a meeting chaired by the chairman of the public accounts committee, the minister of finance and members of the public accounts committee. Budgets agreed are forwarded to the national assembly without alteration.

³³ Budget Books Volume I – IV FY 2022/23, Ministry of Finance and Planning website

The CAG is not subject to discretionary cash ceilings that apply to the majority of the Government. Furthermore, the National Audit Office Tanzania expanded the scope of its audit general report to cover information systems audits, which is very timely given the modernization drive across government. NAOT maintained AFROSAI-E level 3 and received an award in 2019 for the best audit report in the region.

Finally, in terms of budget oversight, Tanzania's Open Budget Index for legislative oversight stands at 39 while audit oversight is at 39. The national assembly has established public hearings of the approval of the annual budget. It does not yet allow any member of the public or civil society to testify during budget hearings. The Controller and Auditor General created mechanisms through which the public can assist in developing the annual audit programme.

Based on the analysis, it is concluded that the General Condition related to Budget Transparency is met and that there is government commitment to improve the transparency of budgetary information.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
1. Political resistance to the implementation of ambitious electricity market reforms	M	Ex-ante agreement on realistic and gradual actions (see section 4.1); substantial support to TANESCO to restructure; continued regular policy dialogue at technical and political level
2. Tariffs not timely determined and adjusted to cost reflective levels	H	Support to improve the operational efficiency of TANESCO to reduce the cost-reflective tariff levels; Support to 'least-cost' development planning
3. TANESCO's reluctance to conclude PPAs with private investors	M	Regular continued policy dialogue; capacity building (e.g. energy project finance, negotiations); promote analysis of voltage support needs.
4. Rural electrification led by grid extension affecting mini grid deployment, stable grid supply and TANESCO's operating and maintenance (O&M) costs	M	Support to update rural electrification planning; support to assess contribution of distributed renewable generation, including for voltage support purposes; continued regular policy dialogue at technical and political level
5. Lack of capacity and leadership in TANESCO to steer restructuring	M	Corporate governance enhancement, capacity building on business management
6. Development of energy mega projects to lock-in resources and reform paths and to affect environmental sustainability and carbon footprint	H	Capacity building in environmental management and sustainable sector development; support to development of regional trade; support private sector involvement during the mega project investment lead time; scope of EU support clearly defined; continued regular policy dialogue at technical and political level

7. Action perceived to be linked to the development of the Julius Nyerere Hydropower Plant	M	Scope of Action clearly defined; development of communication strategy to convey objectives of the programme; ensure high visibility to support in capacity building in environmental management and sustainable sector development
7. Inability to translate training and skill development into concrete use	M	Improve planning of capacity building and its connection with training needs studies and corporate business plan/mission statements
8. High staff turnover in relevant public institutions	M	Provision of training opportunities to increase job appeal; support to workforce and succession planning to manage staff turnover
9. Lack of capacity to sustain improvements in energy data	M	Substantial capacity building; seek synergies with other EU/DPs actions
10. Inability to translate better data into better planning and decision-making	H	Political and policy dialogue; relevant capacity development
11. Resistance by other Ministries for new policies	L	Regular policy dialogue, reinforcement of the role of MoE in inter-ministerial coordination
12. Ineffective gender mainstreaming during the project cycle and constraints from a socio-cultural perspective (stereotypes, discriminations, inequalities ...)	M	Recruitment of gender expertise in order to analyse and support the specific needs of women and other people living in vulnerable situation and to support the specific actions (statistics, women empowerment, etc.)
Assumptions		
1. The government remains committed to a gradual reform agenda in electricity markets 2. TANESCO remains committed to its internal reorganisation at all levels 3. Maintained government support to sustainable energy policy reforms - The government follows-up on the energy policies and allocates relevant budgets - The government and its Agencies make available human resources for the action's activities - Appropriate allocation of government resources to the M&E of set priorities, follow-up and analysis of the implementation of agreed initiatives 4. MoE ensures coordination at inter-ministerial level and with relevant agencies 5. The government is committed to ensure gender-equality while implementing the programme		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

In the area of electricity, efforts by development partners to assist TANESCO and support market-oriented reforms corroborate both the relevance and the significant challenges related to these endeavours. The African Development Bank's (AfDB) 'Power Sector Reform and Governance Support Programme', a budget support operation of USD 140 000 000 was conceived for the fiscal years 2014/15 - 2016/17 but delayed. It focused on supporting the Government's reform agenda in the electricity sector, ensuring its financial and operational

sustainability – particularly in respect of TANESCO – and strengthening public procurement processes in the electricity field.

Similarly, the World Bank's 'Energy Sector Development Policy Operation', focusing on developing the gas sector, enhancing fiscal transparency and improving the financial viability of TANESCO, has disbursed in 2013 and 2014 two tranches of USD 100 000 000 each. The programme's overall outcomes were positively assessed and it achieved significant results related to the support to TANESCO, in terms of operating deficit, technical losses, and cost of supply. However, the programme scored as 'moderately unsatisfactory' in the achievement of its development objectives because of the limited progress achieved in gas exploration, extraction, and development of gas-to-power public and private projects. As a result, the third tranche was not disbursed and the operation was closed in 2017³⁴. Through the 'Energy Sector Capacity Building loan', the World Bank has financed a comprehensive assessment of TANESCO's financial situation carried out by Ernst & Young. The report provides updated and relevant insights on critical areas to improve TANESCO's operational and financial efficiency, as well as governance effectiveness.

All in all, past experiences of major development partners show that support aimed at improving operations and organisation of TANESCO through internal reorganisation can deliver concrete and important results. On the other hand, delivering classic structural market reforms within an ambitious timeframe has proved to be a challenge. A financially sound situation is a prerequisite for any successful power utility reorganisation, which would otherwise be unfeasible or even potentially harmful for the market functioning. In this respect, supporting TANESCO in its business turnaround would be imperative to future sector reforms. Furthermore, after 20 years' experience in power market reforms in Africa, there is growing consensus that the prescriptive "standard model" needs to be adapted to the continental context in order to be successful. Market reforms need to be compatible with social and political goals of expanding electricity access and improving affordability. Managing the complex political economy of power sector reforms is also a major challenge for many African countries. Lastly, massive technological and market dynamics in the electricity sector could offer the potential for innovative reform 'leapfrogs'³⁵. Given the significant developments that are taking place in the Tanzanian energy sector since the 2014 'Electricity Supply Industry (ESI) Reform Strategy and Roadmap' was developed, this power sector reform strategy needs to be reviewed and fine-tuned to fit the changing context in order to recover momentum and political backing.

With regards to energy efficiency, EU has supported the Government in the formulation of a comprehensive long-term Strategy and Action Plan. Its implementation is funded by the EU through another 11th EDF action. The work undertaken to draft the strategy confirmed current shortcomings in terms of energy data and statistics that need to be addressed to improve the analysis of the sector and the long-term planning of the energy policy in Tanzania.

3.2 Complementarity, synergy and donor coordination

Under the 11th EDF National Indicative Programme for Tanzania 2014-2020, energy is a focal sector with an indicative allocation of EUR 180 000 000. By focusing on energy statistics, policy analysis and planning, financial viability of the electricity sector, and a broad range of policy reforms, the programme complements and reinforces other EU programmes under the 11th EDF on rural electrification, energy efficiency enhancement, clean cooking solutions, and deployment of energy from renewable sources with private sector participation.

³⁴ Implementation completion and results report, World Bank, 21 December 2017.

³⁵ Revisiting Reforms in the Power Sector in Africa, African Development Bank and Association of Power Utilities of Africa, 2019.

Regular exchanges with donors active in the energy sector take place at bilateral level, among EU donors and in the framework of the Energy Development Partners Group (EDPG), which the EU and Sweden co-chaired in 2017-2019. Private sector associations are invited to present challenges and opportunities related notably to renewable energy deployment. The EDPG is active in embedding the gender dimension of the sector by including the social, economic and professional empowerment of girls and women in energy-related interventions. An energy Gender Statement and related actions have been developed by the group.

Synergies with other donors are particularly relevant with regards to the support to TANESCO (World Bank and Agence Française de Développement (AFD) plan considerable support to the public utility in the context of the Tanzania-Zambia electricity interconnector, which includes an EU grant) as well in the field of statistics (Norway and possibly Sweden). In the field of sustainable energy, only a few donors e.g. Sweden, are active on energy efficiency and the EU is taking a leading role in supporting the development of a sound support framework. In the renewable energy field, donor activity concentrates on support for on- and off-grid private sector investments (i.e. Sweden and World Bank in rural electrification, AfDB's upcoming Renewable Energy Investment Facility). This programme will complement such support by addressing the regulatory gaps and implementation obstacles limiting private sector involvement in the energy sector.

For the purpose of ensuring complementarity, synergy and coordination, the Commission may sign or enter into joint donor coordination declarations or statements and may participate in donor coordination structures, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall Objective: To enhance the sustainable development of the Tanzanian energy sector.

Specific Objectives (SOs):

- SO1: Improved service delivery (Availability, Affordability, Acceptability and Quality) and value for money for the customers of the national utility TANESCO;
- SO2: Strengthened role of clean energy, energy efficiency, a conducive business environment and integrated planning in energy policy;
- SO3: Reinforced energy sector knowledge and analysis by stakeholders, including private investors, relevant public entities, including certification bodies, academia and civil society organisations (gender sensitive).

Expected outputs (EOs):

- EO1: Improved work methods, capabilities, planning and equipment at TANESCO;
- EO2: New/updated energy policies, strategies, planning and action plans drafted and related capacity of relevant government agencies enhanced;
- EO3: Improved energy and climate data dissemination tools as well as capacity of government agencies for energy and climate data collection, management and synthesis.

Indicative activities:

4.1.1 Budget support

Main activities will include the preparation of disbursement dossiers and the related transfer of EUR 31 600 000 along the Fiscal Years 2023/24, 2023/24 and 2024/25, using both fixed and

variable tranches linked to measurable indicators.

The Delegation will pursue the continued sector policy dialogue with the Government of Tanzania and the Ministry of Energy in particular, emphasizing the specific objective, results and disbursement conditions of the SRC. The Policy dialogue will be conducted in various forms including Sector and Technical Working Groups, the participation in the preparation of forward and backward looking sector review reports, sector specific conferences and workshops, active participation in energy sector DPs Groups and sub-groups and other informal exchanges and official meetings. The dialogue would in particular focus on key sector issues including the implementation of the Renewable Energy Master Plan and Policies promoting private investments in the energy sector as well as of the Energy Efficiency long term Strategy and Action Plan developed with EU support

Activities will include the continued effort to reinforce Government of Tanzania's capacities in the wide ranging energy sector and to assure coordination with the other DPs active in the energy sector, mainly but not limited to France, Sweden, Norway, Japan, African Development Bank and the World Bank.

Activities will include furthermore the Monitoring of eligibility criteria (General Conditions) and Performance Indicators for the Budget Support, progress against the sector targets, Macroeconomic developments based on Internal Monetary Fund- and other assessments, Progress in the implementation of the PFM reform strategy, the publication of the budget proposal or the enacted budget and disclosure of budget execution reports of the Ministry of Energy and its agencies.

4.1.2

Complementary support (Indirect management with the entity to be selected in accordance with the criteria set out in section 5.4.1). in ENERGY DATA AND STATISTICS – gender sensitive (EO3)

1. Support energy statistics teams in NBS, EWURA and MoE and provide relevant capacity building, including in energy-related GHG emissions.
2. Provide TANESCO with capacity building on statistical analytic tools and support electricity sub-sector statistical data collection, statistical report preparation and data management, including in energy-related GHG emissions and for gender-sensitive statistics.
3. Perform a review, gap analysis and action plan on the current wealth of energy data (including energy-related emissions) as well as existing energy data collection methods.
4. Strengthen verification and consistency of available energy data (electricity, gas, oil products).
5. Increase granularity of energy data for improved statistics.
6. Introduce modern tools for energy data collection.
7. Strengthen integrated IT systems for energy data management.
8. Support energy data collection and statistics elaboration in line with international standards and methodologies, including for energy-related emissions.
9. Publication of energy statistics report, which includes the national energy balance and key energy and energy emission indicators disaggregated by sex, age, etc. when pertinent.

10. Support the development of an energy web portal in Swahili and English to disseminate statistical policy and investment information.

4.2 Intervention Logic

Increased access to modern and reliable energy services is essential for achieving Tanzania's development goal to become a middle income country. Access to energy which is affordable, acceptable, available and of good quality can have a direct impact on job creation, education, health, and other human rights. The Government of Tanzania is mobilising substantial resources to increase generation capacity and access, mainly in electricity. In this context, it is essential that national energy sector priorities are established and implemented by taking into account the effects in terms of energy security and system stability; sustainability of supply, transportation and use; the potential of energy efficiency to shape a growing energy demand; the financial position of TANESCO and the overall sector competitiveness. The participation of the private sector is crucial to develop the Tanzanian energy sector in a sound and sustainable way.

To facilitate the contribution of the energy sector to inclusive, sustainable and clean economic growth, this action has been designed to prompt relevant public institutions to implement and enforce energy market and policy reforms in line with government strategies, while reducing the related transition costs. In particular, the programme is developed around three pillars: (i) TANESCO's operations and organisation, in order to facilitate its turnaround; (ii) energy policy analysis, planning and reforms; and (iii) energy data and statistics. A detailed credible mix of reforms and support activities has been thoroughly discussed and agreed with the relevant public institutions, coordinated by the Ministry of Energy. These activities target specific areas that have been highlighted by the major recent studies carried out on TANESCO's operational and financial performance. By focusing on key improvements and by ensuring country ownership through a comprehensive dialogue with the government, the programme aims at maximising impact and delivering tangible results.

Special attention will be devoted to the performances of the utility TANESCO in terms of efficient service delivery, sustainable energy policy and regulatory framework, private sector contribution to sector development, gender mainstreaming in policymaking and integrated long-term planning. Support to policy and project assessment and planning is an essential element to support the Government in reinforcing its capacity in environmental management and sound sector development.

At the same time, the realisation and the sustainability of these actions require significant capacity development by all involved public institutions and development of solid evidence to serve as key input. Therefore, the programme identifies a clear set of activities in support of energy data collection, management, synthesis and dissemination as well as a broad range of areas for capacity building and staff training and reinforcement.

Support to energy sector reforms in Tanzania is a long-standing EU priority to accompany other sector investment by government and development partners. While the realisation of the Julius Nyerere Hydropower Plant entails important risks (see section 2), the programme's risk mitigation strategy includes a significant strand of activities in the field of policy and investment analysis and planning, including in the field of environmental impact assessments and climate resilience. In addition, to ensure that reform policy objectives are achieved in a dynamic environment, the current strong cooperation and dialogue with the Ministry of Energy will continue in the implementation phase, including through a solid governance structure (see section 5.7). The governance structure also includes private sector and civil society, to ensure

broad stakeholder involvement to monitor, evaluate and steer the implementation of the agreed actions.

All in all, the programme will contribute to the inclusive socioeconomic development of Tanzania by supporting its public energy institutions to fulfil their roles in service delivery through provision of relevant hardware and software, technical assistance and capacity building.

The programme will contribute to a structural change in Tanzania's energy sector, in particular, supporting the translation of policies into realistic strategies and action plans, with the Government of Tanzania and its agencies fulfilling its role in delivery of services with progressively reinforced financial, technical and human capacities.

4.3 Mainstreaming

The action is fully in line with the United Nations 2030 Agenda for Sustainable Development and the Paris Climate Change Agreement. Provision of reliable energy supply and modern energy services is a key factor to support sustainable and inclusive economic development and poverty reduction in Tanzania. The Action is expected to contribute to climate change adaptation by embedding the notion of climate vulnerable areas in the review of the Rural Energy Master Plan as well as the impact of climate change on water resources. Moreover, Strategic Environmental Assessments (SEA) will be promoted to ensure the integration of environment and climate change considerations in the broader strategic energy planning, including in the National Renewable Energy Strategy, Biomass Energy Strategy and review/preparation of other energy strategic policy documents. Lastly, climate vulnerability analysis and climate proofing capacities will be reinforced, including for strategic planning and design of investments.

Tanzanian women disproportionately bear the burden of energy poverty. Fuel collection and cooking affect negatively women's security and health risks and prevent them from engaging in education and income-generating activities. Reforms envisaged under this programme are likely to contribute to foster gender equality and women empowerment. For instance, improving access to information on available alternative energy technologies will alleviate women's heavy workload related to biomass collection and provide opportunities for economic and social empowerment. At national level, Tanzania has strong legal frameworks to promote gender equality and empowerment of women. This starts from the ways in which gender is explained and included in the Constitution and in all the major governing policies and strategies, including sector policies. The action will support mainstreaming of the gender dimension into the energy policy. In particular, the gender dimension is integrated in the National Energy Policy, the SE4ALL Action Agenda and in the five-year Implementation plan. These documents are gender sensitive and include gender elements which may contribute to increased gender equality in the implementation of the SE4ALL initiative. Under SE4ALL, the Government adopted in December 2018 a Gender Action Plan whose implementation will be supported by this action. Relevant areas of this programme will follow up on the recommendations by the 'Tanzania National Gender and Sustainable Energy Network' (TANGSEN) in its report on the implementation of the SE4All gender action plan.

A rights-based approach will be implemented in this project. The project is based on the conception that the provision of reliable energy will reinforce other rights such as education, jobs, health, housing, etc. The project will respect the following principles: Respect for all rights, Participation, Accountability, Non-discrimination and Transparency. The project will focus the support on the duty-bearers (public institutions) but it will ensure that the right holders

(women, men, children, etc.), with a special attention on people living in vulnerable situations, profit from the project outputs.

One of the main dimensions of this action focuses on energy data, statistics and integrated planning. The implementation of the programme has the potential to positively impact a number of cooperation priorities, including environmental protection through enhanced impact assessment capabilities, improved gender analysis through development of sex-disaggregated data, improved use of public resources to pursue national policy objectives as well as increased accountability of the government towards its citizens.

4.4 Contribution to SDGs

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes to the achievement of SDG 7 (universal access to energy, renewable energy and energy efficiency) and SDG 13 (combat climate change and its impacts), while also contributing to SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and SDG 5 (gender equality and empower all women and girls). While the activities of this programme are energy-related, they present direct and indirect interlinks with other dimensions of the SDG agenda. In particular, the direct and indirect support to the enabling environment for renewable energy, energy efficiency and clean cooking is a key contribution to reduce energy-related GHG emissions and deforestation. The support to improve financial sustainability and internal reforms of TANESCO will promote private investments and sustainable economic growth. The support to energy data and statistics will contribute to better monitor and assess the partner country's endeavours in the implementation of the SDG agenda. The gender dimension is mainstreamed throughout the different dimensions of the programme, in order to contribute to gender equality and empowerment of women and girls.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of entry into force of the financing agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

5.3.1 *Rationale for the amounts allocated to budget support*

The amount allocated-for budget support component is EUR 31 600 000 and for complementary support is EUR 3 200 000. This amount is based on a yearly average of annual tranches of approximately EUR 10 500 000 EUR for the energy sector, which corresponds to approx. 2.4 % of the sector's average annual budget expenditures over the last 5 years³⁶. These annual tranches will be disbursed initially using a fixed tranche and then two variable tranches linked to performance indicators:

³⁶ The average annual budget expenditures by the ministry of energy was EUR 491 m considering Financial Years 2017-18 to 2021/22.

Country fiscal year	2023/24	2024/25	2025/26
Fixed tranche (in EUR million)	7 600 000	0	0
Variable tranche (in EUR million)	0	12 000 000	12 000 000
Total	7 600 000	12 000 000	12 000 000

5.3.2 *Criteria for disbursement of budget support*

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the National Energy Policy and continued credibility and relevance of that or any successor strategy;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches are :

- Policy dialogue mechanism;
- Energy Sector Monitoring and Evaluation Mechanism strengthened;
- TANESCO distribution losses (%);
- New TANESCO customers;
- Electricity Supply Industry Reform Strategy and Roadmap

The chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the National Authorising Officer may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 *Budget support details*

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Tanzanian Shillings will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³⁷.

5.4.1 *Indirect management with an International Organisation*

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria:

- (i) Experience and competences in energy data collection, energy data management, international standards and methodologies for energy statistics, elaboration of energy aggregates, and use of energy data and statistics for policy planning and analysis,
- (ii) Experience and competences in GHG data collection, GHG data management, international standards and methodologies for GHG statistics, and use of GHG data and statistics for policy planning and analysis
- (iii) Experience and competences in developing skills and technical capacity in developing countries for areas relevant under points (i) and (ii), and
- (iv) Similar existing/upcoming actions in sub-Saharan Africa whose implementation has been entrusted to the entity.

The implementation by this entity entails supporting the Government of Tanzania to enhance quality and dissemination of energy data & statistics (specific objective 3).

5.4.2 *Changes from indirect to direct management mode due to exceptional circumstances*

In case negotiations with the above-mentioned entrusted entities fail, given the scope of the activities to be carried out under this project, the alternative implementation modality to the one described in section 5.4.1 will be procurement of service and supply by the Commission under direct management.

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Advisory, Consultancy, Technical Assistance Services	Services	1	Q4-2022

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

³⁷ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (in EUR)
5.3.1 Sector Budget Support (Fixed Tranches and variable tranches)	31 600 000
5.4.1 Indirect management with a member State or an International Organization	3 200 000
5.9 Evaluation, 5.10 Audit 5.11 Communication and visibility	200 000
Total	35 000 000

5.7 Organisational set-up and responsibilities

The NAO for the EDF in Tanzania is the Minister of Finance, which ministry (MoFP) holds the overall responsibility for the implementation of this programme. In particular, this concerns the establishment and transmission of disbursement files and the compliance with the general eligibility criteria of the Sector Budget Support programme, including budget transparency, the PFM reform and macroeconomic stability.

The Ministry of Energy (MoE) is the line ministry for the energy sector with the overall responsibility for the sector policy and strategy coordination. The Tanzania Electric Supply Company Limited (TANESCO) is a Tanzanian parastatal organisation wholly owned by the government responsible for all sub-sectors related to electricity generation, distribution and transmission in urban and rural zones. TANESCO is the ministry's implementing arm through which a large parts of the SBS funds will be channeled.

The Ministry of Energy will oversee, spearhead and coordinate the implementation of the Tanzania Energy Sector Reform Programme. A Steering Committee (SC) shall be set up co-chaired by the Ministry of Energy and the EU, and be composed of one representative from each of the main governmental counterparts (Ministry of Energy, EWURA, TANESCO, NAO and NBS). The SC will strive to become gender-balanced and will ensure that gender experts and/or gender focal persons will be included and/or consulted. The committee will meet twice a year. The SC will be responsible for reviewing the overall policy and strategic directions of the programme, monitoring the overall performance and coherence between the different programmes and will provide guidance as appropriate. It will also review and endorse work plans. Implementing partners shall provide a report to the committee on a bi-annual basis, at least 20 days ahead of the SC meeting. The final composition of the SC will be confirmed once the programme is operational.

The WGs will strive to become gender-balanced and will ensure that gender experts and/or gender focal persons will be included and/or consulted. The WGs will be responsible for reviewing state of play, challenges and next steps of each programme dimension as well as monitoring the overall coherence between the different activities of each dimension. Each WG will meet two times a year. The co-chairs may agree on an extra-ordinary session of a working group if deemed necessary. The final composition of the working groups will be confirmed once the programme is operational. In order to support dissemination of information on the implementation of the programme and to ensure that a broader set of stakeholders is involved, a stakeholder conference will be held annually. The conference will present the overall progress in the programme implementation and will focus on a particular dimension where stakeholder consultation is considered particularly valuable by the SC.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5.8 Performance and Results monitoring and reporting

The overall Monitoring and Evaluation of the implementation of the programme will be undertaken by the Ministry of Energy. The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Log frame matrix and the list of performance indicators for budget support

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to improve performance, effectiveness, impact and sustainability of the programme and to assess the activities related to TANESCO's operational and corporate reforms and to the developments.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this programme focuses on structural and long-term reforms, which may need further attention in the future.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted.

The implementing partner(s) will ensure that adequate communication and visibility is given to EU funding overall through specific events like inauguration of the project, annual stakeholder conferences, press conferences, media reports, etc. Furthermore, the project will feed into the EU communication platforms with relevant information for the public. It may produce other communication materials in print or electronic forms (such as brochures, project fact sheet, press releases, short videos, and if feasible, TV and radio spots) as well as other visibility initiatives to ensure outreach and proper communication of the Project to the respective target audiences.

The implementation of communication and visibility activities under this action will be harmonised with the implementation of the Delegation's overarching communication strategy. These actions will be also coordinated with the ones under existing contracts managed by the EU Delegation as well as other EU-related communication activities and events.

6 PRE-CONDITIONS

N/A

APPENDIX 1-- INDICATIVE LOGFRAME MATRIX

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	To enhance the sustainable development of the Tanzanian energy sector	1 Energy intensity measured in terms of primary energy and GDP 2 - Renewable energy share in the total final energy consumption (** EU RF 1.12) 3 - Proportion of population with access to electricity, disaggregated by sex (** EU RF 1.11) 4 CO2 emission per unit of value added (** EU RF 1.23)	1, 2, 3 - Official statistics of Tanzania 4 - EU JRC EDGAR and Global Carbon Atlas ³⁸	<i>Not applicable</i>
Outcomes (Specific Objectives)	SO1: Improved service delivery (Availability, Affordability, Acceptability and Quality) and value for money for the customers of the national utility TANESCO; SO2: Strengthened role of clean energy, energy efficiency; a conducive business environment and integrated planning in energy policy;	1.1 – Rate of annual evolution of TANESCO's EBITDA 1.2 - Annual rate of overall customer satisfaction, disaggregated by sex 1.3 - Percentage of annual technical and non-technical losses over total power generation 1.4 - GWh of electricity sold annually 1.5 - Annual percentage of women (managers) employed in TANESCO over total (managerial) staff 1.6 - Greenhouse Gas (GHG) emissions (in tonnes CO2eq) avoided by TANESCO with EU support (** EU RF 2.21) 2.1 - Status of the updated "ESI" reform strategy and roadmap 2.2 - MWs of generation capacity by independent renewable power producers who have a valid Power Purchasing Agreement with TANESCO (** EU RF 2.10) 2.3 - Status of the national biomass energy strategy 2.4 – Status of the implementation of the Tanzania's "Sustainable Energy for All Gender Action Plan"	1.1 – TANESCO annual accounts 1.2 – TANESCO customer surveys 1.3 and 1.4 – TANESCO and EWURA annual reporting 1.5 – project survey 1.6 – project calculation 2.1, 2.3, 2.5 – Official gazette of the Government of Tanzania; Official publications by the Ministry of Energy; Information by the Ministry of Energy	- Important indigenous hydrocarbon resources are not extracted within the timeframe of the project - Stable or growing GNI and average level of household income and expenditures - Business environment does not deteriorate - The political priority on electricity generation and energy access is maintained

³⁸ <https://edgar.jrc.ec.europa.eu/> and <http://www.globalcarbonatlas.org/en/CO2-emissions>

	SO3: Reinforced energy sector knowledge and analysis by stakeholders, including private investors, academia and civil society organisations (gender sensitive).	<p>2.5 - Number of new and updated energy-related master plans adopted by the Ministry of Energy</p> <p>3.1 - Quantity, granularity, age, frequency and sex-disaggregation of energy & GHG emissions statistics published</p> <p>3.2 - Status of the publication of energy statistics report</p> <p>3.3 – Average number of monthly accesses to the energy web portal</p>	<p>2.2 - EWURA annual reporting</p> <p>2.4 – project reporting</p> <p>3.1, 3.2, 3.3 - Annual updates of websites of National Bureau of Statistics and/or other relevant public institutions (eg Ministry of Energy, EWURA, TANESCO)</p>	
Outputs	EO1: Improved work methods, capabilities, planning and equipment at TANESCO	<p>Output 1:</p> <p>1.1 - Status of report on gaps and related roadmap for improving service quality, customer satisfaction and treatment of customers complaints</p> <p>1.2 - Number and % of TANESCO staff (disaggregated by office, level and by sex) trained in distribution network, transmission network, grid control, preventive maintenance, separated accounting, customer service, new ICT infrastructure, and public procurement (** EU RF 2.15)</p> <p>1.3 - Number and % of senior management staff (disaggregated by sex) trained on leadership skills and development, leading and managing changes, workforce and succession planning, performance planning and management, women empowerment (** EU RF 2.15)</p> <p>1.4 - Status of Corporate Strategic and Business Plan and related Monitoring and reporting framework (including KPIs)</p> <p>1.5 - Status of the Enterprise Risk Management and Capital Investment Risk Assessment frameworks</p> <p>1.6 - Status of implementation of TANESCO's employment equalisation policy</p>	<p>1.1 to 1.6 - Project reporting (including post-training surveys and/or tests); mid-term and final evaluations; meeting minutes of steering committee and working group 1; relevant stakeholder feedback at the annual conference.</p>	<ul style="list-style-type: none"> - Stable and efficient TANESCO internal decision-making to support the realisation of the internal reforms - Government internal procedures work efficiently and decision-making supports the realisation of the intended reforms - Adequate human and/or financial resources in energy institutions to support reforms - Ability to translate technical assistance and capacity building support into sustained practices

	EO2 (1): Enhanced energy policy and regulatory framework	<p>Output 2:</p> <p>2.1 - Status of the review of the ESI reform strategy and roadmap</p> <p>2.2 - Status of the draft Biomass Energy Strategy</p> <p>2.3 - Status of the report on the gaps and related action plan for improvement of the regulatory framework for private investments in renewable energy generation</p> <p>2.4 - Status of the Draft updated Power System Rural Energy Master Plans</p> <p>2.5 - Number of officials trained on the implementation of the Tanzania's "Sustainable Energy for All Gender Action Plan, disaggregated by institution and by sex"</p>	2.1 to 2.5 - Official gazette of the Government of Tanzania; Official publications by the Ministry of Energy; Information by the Ministry of Energy; Project reporting (including post-training surveys and/or tests);mid-term and final evaluations; meeting minutes of steering committee and working group 2; relevant stakeholder feedback at the annual conference.	- Staff turnover in public institutions is well managed and related-risks are mitigated
	EO2 (2): Strengthened skills and competences in policy analysis and planning by relevant public institutions	<p>Output 3:</p> <p>3.1 - Number and % of staff trained in energy forecasting, integrated resource planning and impact assessment analysis, disaggregated by institution and by sex</p> <p>3.2 - Number and % of staff trained in power sector regulation, market design, regional pools and trade, planning and operation, disaggregated by institution and by sex</p> <p>3.3 - Number and % of staff trained in renewable energy investment project design and agreements, international litigation, financing schemes for energy efficiency investments, disaggregated by institution and by sex</p> <p>3.4 - Number and % of staff trained in procurement management, disaggregated by institution and by sex</p>	3.1 to 3.4 - Project reporting (including post-training surveys and/or tests);mid-term and final evaluations; meeting minutes of steering committee and working group 2; relevant stakeholder feedback at the annual conference.	

	EO3: Improved collection and management of energy data as well as elaboration of energy statistics and indicators	<p>Output 4:</p> <p>4.1 - Number and % of staff trained in energy data collection, disaggregated by institution and by sex</p> <p>4.2 - Status of the report on the gaps and related action plan for energy data management</p> <p>4.3 - Number and % of staff trained in energy statistics methodology and elaboration of energy statistics, indicators and aggregates, disaggregated by institution and by sex</p> <p>4.4 - Number and % of staff trained in energy data and statistics dissemination, disaggregated by institution and by sex</p>	4.1 to 4.4 - Project reporting (including post-training surveys and/or tests); mid-term and final evaluations; meeting minutes of steering committee and working group 3; relevant stakeholder feedback at the annual conference.	
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APPENDIX 2 - INDICATIVE IMPLEMENTATION CALENDAR

Programme Component	Type of Procurement Procedure	Indicative date for contracting
Expected Output 1 Improved work methods, capabilities, planning and equipment at TANESCO	Direct management Budget Support: Sector Reform Performance Contract with the United Republic of Tanzania;	Q3 2023
Expected Output 2 New/Updated energy policies, strategies, planning and action plans drafted and related capacity of relevant government agencies enhanced	Direct management Budget Support: Sector Reform Performance Contract with the United Republic of Tanzania;	Q3 2023
Expected Output 3 Improved energy and climate data dissemination tools as well as capacity of government agencies for energy and climate data collection, management and synthesis	Indirect management with an international organisation: Contribution Agreement	Q1 2023