

Signing of Japanese ODA Loan Agreement with Tanzania: Advancing a power pool in East Africa that traverses national boundaries and stabilizes the power supply

On Friday, January 15, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the United Republic of Tanzania to provide a Japanese ODA loan of up to 11.847 billion yen for the Kenya-Tanzania Power Interconnection Project.

Since the year 2000, Tanzania has achieved economic growth averaging approximately six percent per year, and growth is expected to continue at an annual rate near seven percent. With this steady economic growth, the demand for power is also growing at an annual rate of around 10 percent, and the peak demand is expected to reach 7,590 megawatts by 2035, eight times the current peak demand. However, due to factors such as the deterioration of power-generation facilities, the drop in the amount of power produced during droughts, and power loss during transmission and distribution, the existing facilities (1,376 megawatts as of 2015) do not have the power capacity required to meet the peak power demand (934 megawatts as of 2014), hindering socioeconomic activities.



Signing ceremony

The power demand in Africa overall is expanding with the rapid economic development in progress, and power pools are being formed to share stable, inexpensive power within various regions of the continent. In East Africa, a plan is being formulated to share power from Ethiopia which has ample water power resources with Kenya and Tanzania where the demand for power is expected to grow.

Given these circumstances, this project will construct a power transmission line (507.5 kilometers in length) connecting Isinya, located in Kenya's southern Kajiado County, with Singida, located in Tanzania's central Singida Region, and provide related substations. These measures will make possible a stable supply of power in Tanzania, advance power pools in East Africa, and improve the reliability of the power supply, stimulating the economy and contributing to community development.

This project will be cofinanced by the African Development Bank (AfDB). The funds for the project will be allocated to civil works, specifically to the construction and improvement of a power transmission line (414.4 kilometers in length) and two substations on the Tanzania side, and the AfDB will finance the expenses required for the consulting services. The civil works for the construction of the power transmission line (93.1 kilometers in length) on the Kenya side and the related consulting services will be independently financed by the AfDB.

The AfDB cofinancing for this project is being conducted under the Accelerated Cofinancing Facility for Africa (ACFA), a cofinancing framework with AfDB based on Enhanced Private Sector Assistance for Africa (EPSA for Africa).

In addition to this project, JICA is engaged in other transmission line construction under the Iringa-Shinyanga Backbone Transmission Investment Project, supported by a Japanese ODA loan signed in December 2010, and engaged in capacity building in the areas of planning, operation and management for power distribution and transmission systems under the Project for Capacity Development of Efficient Distribution and Transmission Systems, a technical cooperation project running from August 2009 to March 2016. JICA will continue to contribute to the power system infrastructure and stabilization in Tanzania with its growing demand for power.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Kenya-Tanzania Power Interconnection Project	11,847	0.01	(1)	40	10	General, untied

2. Executing Agency

Tanzania Electric Supply Company Limited

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Phone: +255 (0) 736-501649, fax: +255 (0) 22-245-1224

3. Planned Implementation Schedule

(1) Completion of project: December 2018 – when the facilities are put into service

(2) Issuing of letters of invitation for consulting services (including construction monitoring): February 2015 (already sent) (1)

(3) Tender announcement of initial procurement package for international competitive bidding on project construction: (2)

Procurement package title: Procurement of Plant, Design, Supply, and Installation of 400kV Overhead Transmission Line under the Kenya-Tanzania Power Interconnection Project

Release date: July 2015 (complete)

Notes:

1: Not included in the loan. AfDB assistance will be provided based on their procurement rules as per the AFCA implementation guidelines.

2: Implemented based on the AfDB procurement rules as per the ACFA implementation guidelines.