

AID-FOR-TRADE: CASE STORY

NORWAY

TANZANIA

Tanzania:

i) The Tanga-Pemba submarine cable (classified as Energy generation and supply)

The Revolutionary Government of Zanzibar, The Union Government and Norway have financed the production, installation and connection of the submarine cable connecting the electricity grid on the island Pemba to the mainland of Tanzania. Total costs are 400 million NOK out of which Norway has contributed 300 million NOK and Zanzibar and the Union Government 100 mill NOK together. The costs included production and laying of the cable, as well as construction of overhead lines and substations and the project was finalised within the budget.

The 78 kilometre long cable has replaced 3 old diesel generators and in addition the electricity supply on Pemba will have much higher capacity and reliability than before. The project aims to provide electricity to Pemba meeting the demand for the 20-25 years to come.

The project will support the economic development and social welfare for population on Pemba in line with Zanzibar Vision 2020 as well as the Zanzibar Strategy for Growth and Reduction of Poverty.

It is envisaged that a secure, stable and reliable power supply to Pemba will have significant development benefits. It is also important that the new power supply is cleaner and more environment friendly. It will assist businesses in expanding. It will lay the foundation for more investments in areas like food processing and tourism.

It has been expressed by the authorities in Pemba that at least one new hotel has been constructed due to the fact that electricity is much more reliable nowadays with the cable. Income from tourism sector is the second largest foreign exchange income for Tanzania.

ii) Support to the development of the Southern Agricultural Growth Corridor of Tanzania (SAGCOT II) Investment Blueprint (classified as Agriculture)

The Embassy is supporting the development of an investment blueprint for an Agricultural Growth Corridor which will go from the port of Dar es Salaam to the border with Zambia. Total cost: 4 million NOK (2009-2011).

The investment blueprint was launched at a ceremony in Dar es Salaam 13.01.2011, officiated by Prime Minister Pinda, and was presented by President J.K Kikwete at the World Economic Forum in Davos. It is deemed that the corridor will boost agriculture productivity and competitiveness in Tanzania, enhance the efficiency of agricultural value chains and improve regional integration of agricultural markets. Agriculture is the foundation of the Tanzanian economy. It accounts for about half of the national income, three quarters of merchandise exports and is source of food and provides employment opportunities to about 80 percent of Tanzanians. The corridor has high political ownership in Tanzania and is expected to attract both public and private funds for investment. Yara International AS is closely involved, both with funding and with manpower, in the development of the corridor. As the first large international investment linked to the corridor, the Yara Fertilizer terminal project was launched in Dar es Salaam on the same day as the Investment blueprint had been launched. President Kikwete was Guest of honor, a clear signal of how significant and important the Government deems the corridor and such investments.