



STRATEGY  
2017-2021

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# Tanzania

#WorldInCommon



The background features several overlapping circles and curved lines in various shades of green, creating a dynamic, organic pattern. The word "Tanzania" is centered within one of the circles.

**Tanzania**

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**1.**

**KEY ELEMENTS FOR  
THE AFD'S STRATEGY**

# 1.1 BACKGROUND AND SUMMARY OF THE SUSTAINABLE DEVELOPMENT ISSUES

The United Republic of Tanzania was created in 1964, when Tanganyika and the Zanzibar Archipelago merged. The country features prominently in East Africa. It has a surface area of nearly 945,300 km<sup>2</sup> and an estimated population of more than 53 million people. It shares borders with eight countries,<sup>1</sup> and has over 1,400 km of Indian Ocean coastline. Home to six of the 25 internationally recognized biodiversity “hotspots”<sup>2</sup> and possessing strategic extractive resources (e.g. gold, natural gas and coal), Tanzania enjoys exceptional natural wealth.

## 1.1.1 Political background

**A stable political regime.** Since independence in 1961, five presidents have succeeded one another as head of state without major difficulty, including Julius Nyerere from 1961 to 1985. The election of John Pombe Magufuli as President of the Republic in the general elections of October 2015 confirmed both the country’s presidential changeover and the power of the Chama Cha Mapinduzi (CCM) party. It was also marked by the progress of the opposition party, especially in the major cities of the country.

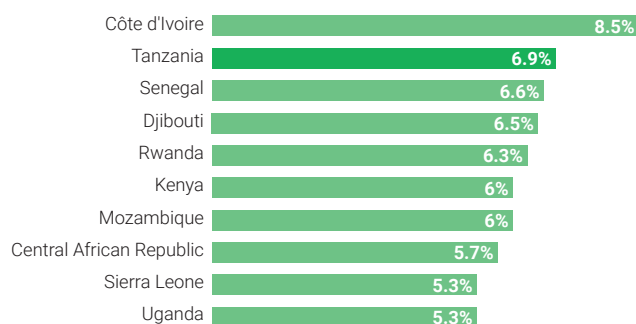
**A special regional role.** Tanzania is a member of several regional organizations, including the African Union (AU) the East African Community (EAC) and the Southern African Development Community (SADC). Standing astride several regional groupings, the country has a special position. It played a major role in conflict resolution in several countries: Rwanda (International Criminal Tribunal for Rwanda [ICTR], opened in 1994), Burundi (1990 and 2015), Kenya (2007) and South Sudan (2015).<sup>3</sup> This active regional diplomacy can be explained by the impact that the socio-political troubles of these countries had on its own domestic situation, especially with regard to the influx of refugees. Its geographical situation gives it a strategic position within trade exchanges between Central Africa (Democratic Republic of Congo [DRC], Rwanda, Burundi, Zambia, etc.) and Asia.

## 1.1.2. Macroeconomic background

**A low-income country with a stable and sustained economic growth supported by a diversified economy.** Tanzania remains a low-income country despite its considerable growth (6.5% per year on average over the last decade) and per capita income on the increase (USD 932 per year<sup>4</sup>). Its economy was liberalized in the 1990s and is now bolstered by diversity in its business sectors. These include: agriculture, which employs 67% of the population and accounts for 30% of GDP; industry (especially mines) and construction, which create 23% of GDP; and services (especially telecommunications, financial services and tourism), which generate 42% of created wealth. The country also enjoys diversity in terms of the goods it exports (gold, diamonds, coffee, tea, tobacco, etc.) to the countries of the region (EAC, SADC) and to countries of Asia (China and India). The sharp growth in the extractive sector, especially for natural gas (Tanzania possesses 1/30<sup>th</sup> of the world’s reserves), should also be a significant driver in the country’s economic dynamism.

**Budget deficit and debt under control.** With poor tax performance (average VAT collection rate of 3.4% over the 2010-2014 period)<sup>5</sup>, the Tanzanian government suffers from low tax income (13% of GDP in 2014/18, 14.4% in 2015/16), allowing it to cover only three-quarters of recurring expenditures. The country has managed to keep its budget deficit at less than 4%, thanks to a low level of budget execution and postponement of public investment expenditures. Following the process of Tanzania’s debt cancellation and its eligibility for concessional loans<sup>6</sup>, increase in the public debt, three-quarters of which is external, continued between 2010 and 2016, growing from 28 to 37% of GDP. Nonetheless, the risk of over-indebtedness is still considered as low by the IMF. It can be noted that increase in tax collection, balance in the public accounts and the independence of the country are priorities of the new government.

### One of Africa’s most dynamic growth rates in 2016



Source: IMF World Economic Outlook April 2016

<sup>1</sup> Burundi, Democratic Republic of Congo, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia.

<sup>2</sup> An area with a large number of species representing significant levels of biodiversity.

<sup>3</sup> The agreements to resolve the conflicts in Burundi (2000) and South Sudan (2015) were signed in Arusha; the International Criminal Tribunal for Rwanda was also headquartered in Arusha.

<sup>4</sup> GNI per capita 2016 (current USD), World Bank.

<sup>5</sup> “Why Should Tanzanians Pay Taxes? The Unavoidable Need to Finance Economic Development”, Tanzania Economic Update, World Bank, July 2015.

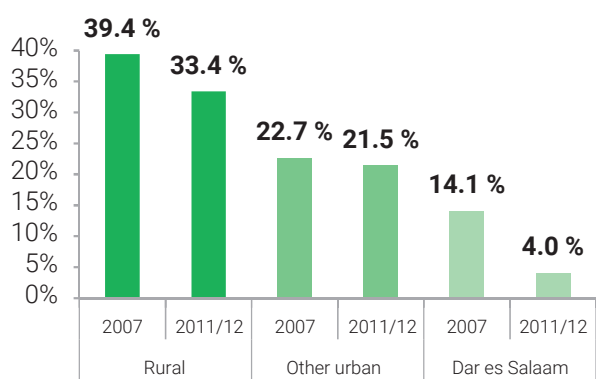
<sup>6</sup> Tanzania benefited from the Highly Indebted Poor Countries Initiative in 2001 and the Multilateral Debt Relief Initiative in 2006.

### 1.1.3. Main development issues

Tanzania has definite advantages that can help it reach the status of middle-income country (MIC), as defined by the Tanzania Development Vision 2025. However, the country's political stability and dynamic economic growth must not obscure the many challenges and development issues it must tackle.

**Persistent poverty.** Despite its growth, Tanzania is ranked 151st out of 187 countries in the United Nations Human Development Index (HDI). Results regarding the Millennium Development Goals (MDGs) have been mixed: the goals concerning HIV/AIDS, primary schooling and child mortality have been achieved, but those guaranteeing sustainable development and concerning maternal health, the eradication of extreme poverty and hunger have not been achieved. Although Tanzania has seen a decline in poverty over the last ten years, it has been a slow one. The proportion of the population living under the national poverty line<sup>7</sup> has fallen from 34.4% to 28.2%, whereas the proportion of those living under the international poverty line has fallen from 59.9% to 48.8%. In 2015, 12 million inhabitants were still living in extreme poverty, with less than USD 0.60 per person per day. Poverty strikes women in particular, with 80% of Tanzanian women in the labor force having an unstable job (compared to 69% of men).

#### Unevenly distributed poverty

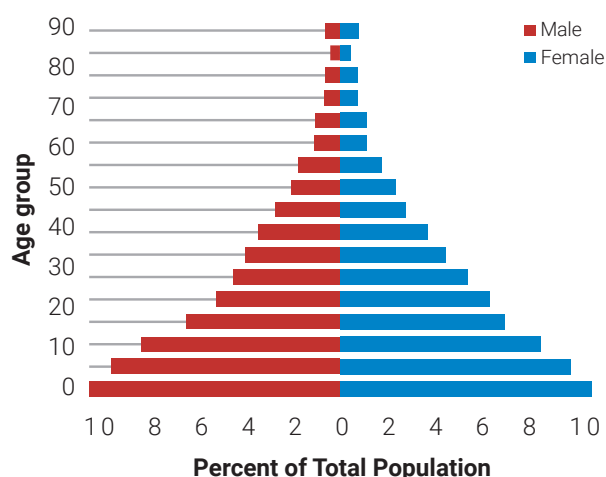


Source: Household Baseline Survey, 2007 and 2011/12

**Strengthening the country's governance and improving its business climate.** Streamlining of administrative procedures, improvement in credit conditions, and readability of public policy will be decisive aspects for the success of the new five-year plan and an improvement in Tanzania's international ranking.<sup>8,9</sup> The new government has understood the importance of this issue and is making the fight against corruption and the management of public finances a key point of its five-year term of office.

**Guiding demographic growth and the balance between cities and rural areas.** Tanzania has an annual demographic growth rate of 3.14%; its population should reach 70 million by 2025.<sup>10</sup> The authorities thus have to deal with challenges such as the building of basic infrastructure, access to healthcare and education, and youth insertion into the job market (44% of the population is under age 15). Furthermore, urban population growth<sup>11</sup> is especially high in several Tanzanian cities. The country's economic capital, Dar es Salaam, is the African city ranked third in terms of population growth rate: its current population is 5.2 million people<sup>12</sup> and poised to reach 10 million in 2030. Demographic growth also weighs on Tanzania's rural areas, which are still home to 70% of the population. Indeed, 83% of people living under the poverty line live in these rural areas,

#### Population distribution by age and sex



Source: National Bureau of Statistics, June 2016

which since independence have absorbed an additional 20 million people.<sup>13</sup>

**Developing the human capital of the country.** Despite progress in the education sector, especially at the primary level, the level of qualification in Tanzania remains relatively low: only 32% of students reach lower secondary level, and less than 5% enter university. While gender equality does exist in terms of primary school access, gaps start to arise from secondary school. Further, the literacy rate is 65% among women compared to 76% among men.<sup>14</sup> The priority given to sons as well as early marriages and pregnancies are factors in this gap. Challenges in the health sector also remain very great, with the country's net increase in non-transmissible diseases a sign that epidemiological transition is now under way. Life expectancy in Tanzania is age 60 compared to an average of 62 in countries with comparable incomes. Meanwhile, HIV/AIDS remains the greatest cause of death, and women are again especially exposed to the problem.<sup>15</sup> In terms of net decrease, child mortality is still high at 52 per 1,000, and it is reported that diarrhea is responsible for nearly 12% of deaths of children under age 5. The Tanzanian healthcare system is also characterized by both a significant lack of resources and a concentration of doctors in Dar es Salaam (45% of the country's doctors for a city making up 10% of the population).

**Gradually improving lack of access to basic infrastructure.** The significant lack of basic infrastructure is one of the main factors limiting economic and social development. Compared to the other EAC countries, Tanzania suffers from a substantial lag in key infrastructure. Only 53% of the population have access to an improved water source (compared to 67% in the region), and only 25% of Tanzanians are connected to a sewage system.<sup>16</sup> These services are improving but remain unsatisfactory, as illustrated by the poor quality of water, responsible for more than 50% of illness cases (cholera, dysentery, diarrhea). Despite approximately 100,000 new connections per year, electricity access is available to only 25% of the population, a figure that was limited to 7% in rural areas in 2015. Energy demand is expanding between 10 and 15% annually,

<sup>7</sup> TZS 36,482 per adult per month.

<sup>8</sup> Tanzania is in 117th place out of 168 in the 2015 corruption index published by the NGO Transparency International.

<sup>9</sup> Tanzania is ranked 132nd out of 189 in the World Bank's 2017 "Doing Business" report, up 12 spots from the 2016 edition.

<sup>10</sup> "Population growth, structure and momentum in Tanzania", Economic and Social Research Foundation / UNDP.

<sup>11</sup> Average 3.14%/year over the last 10 years (World Bank).

<sup>12</sup> National Bureau of Statistics – United Republic of Tanzania.

<sup>13</sup> "Population growth, internal migration and urbanization in Tanzania (1967-2012)", International Growth Center.

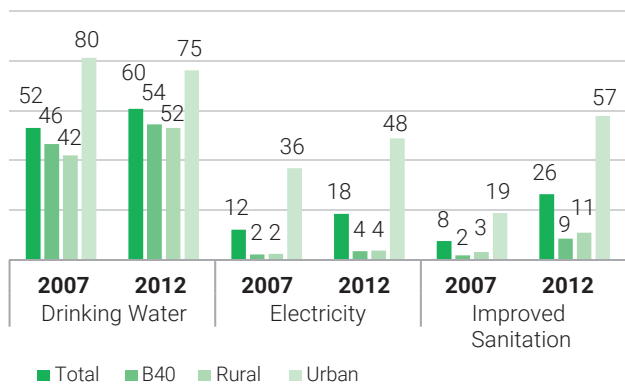
<sup>14</sup> Global Gender Gap Report (GGGR), 2015.

<sup>15</sup> 60% of adults (age 15+) living with AIDS are women (UNAIDS 2015).

<sup>16</sup> Tanzanian authorities, World Bank, World Economic Forum.

but despite its substantial energy resources (hydraulic, solar, gas, coal, geothermal),<sup>17</sup> Tanzania is far behind in electricity production,<sup>18</sup> with 20% of energy needs being met by imports. Despite efforts by the new government, management of the public water and electricity utility companies continues to be characterized by significant arrears owed to their suppliers<sup>19</sup> and long-overdue receivables to administrations and other public entities. Continued investments in basic infrastructure and improvement of utility company performances are major challenges for the country.

### Access to basic infrastructure

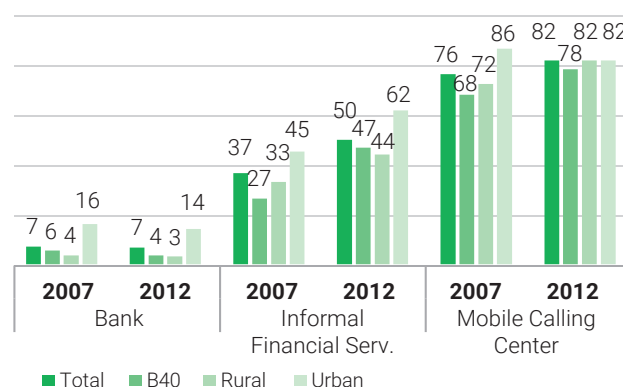


Source: HBS 2007 and 2011/12

**Developing transport infrastructure.** The level of quality of Tanzania's road, rail, port, and airport infrastructure prevents the country from taking full advantage of its regional geographic situation. In this very vast country with growing urbanization and numerous secondary cities, the level of transport infrastructure significantly limits the decongestion of urban centers, the opening up of isolated rural areas, the development of tourism and the growth of trade. Taking into consideration the very high cost of these investments,<sup>20</sup> the challenge is to modernize the existing infrastructure (the ports of Dar es Salaam, Tanga and Mtwara, as well as 59 airports and airfields) and to build new infrastructure, without this overburdening the national finances.

**Improving the financing of the economy by the local banks and access to financial services.** With 56 banks, the Tanzanian banking sector is characterized by a relatively large number of players. However, much of the banking activity is held by four banks,<sup>21</sup> representing 50% of the sector's assets, 53% of deposits and 48% of loans. The average rate of non-performing loans is thus moderate (7.88% in 2015 compared to 6.83% in 2014); this rate was 8.5% for small banks and 15.1% for non-banking financial institutions in 2015. The average rate of interest practiced by banks is high (16% in 2016 compared to 14% in 2010).<sup>22</sup> Despite dynamic growth, the size of the Tanzanian banking market remains limited. The total amount of loans to the private sector reaches only 16% of GDP, and the proportion of the population making use of banking services is low (only 14% of the population has access to traditional banking service).<sup>23</sup>

### Access to financial services



Source: HBS 2007 and 2011/12

**Improving agricultural productivity and resilience.** Agriculture remains a key sector of the country's economy. With half the country covered by arable land, agriculture generates nearly one-third of wealth created in the country. It also represents 47% of exports and employs 67% of the population.<sup>24</sup> Furthermore, Tanzania has extensive unfarmed areas and the third-largest cattle population in Africa<sup>25</sup>. However, land tenure risk, the severe lack of agricultural extension services and credit, the low use of inputs, poorly developed irrigation, and marketing difficulties have meant that the country has not seen noted improvement in agricultural performance in recent years. Tanzanian agriculture, which makes little use of irrigation and has areas that are overgrazed, is sensitive to climate change. Rural women, who represent 86% of farm labor but contribute only 48% to the sector's GDP, are excluded from access to land, credit, and livestock. They are thus particularly affected by poverty and exposed to the consequences of climate change in the sector.

<sup>17</sup> For example, only 12% of hydroelectricity potential is tapped, solar energy could produce between 4 and 7 kWh/m<sup>2</sup>/day, and geothermal sources are not yet used. Furthermore, the coal reserves (estimated at 1.5bn tons) and natural gas reserves (estimated at 55 trillion cubic feet) should make it possible to increase the country's production capacity significantly.

<sup>18</sup> Electricity production equivalent to 93 kWh per capita, compared to 125 kWh in the EAC.

<sup>19</sup> Despite positive operational results in 2016 for the first time, the national electricity utility company Tanzania Electric Supply Company Limited (TANESCO), has accumulated more than USD 400 million in payment arrears, due mainly to the underpricing of electricity, high levels of technical losses and uncollected receivables from the state, communities and public enterprises.

<sup>20</sup> The cost of a construction project for a standard-gauge railway is estimated at USD 7.1 billion.

<sup>21</sup> CRDB, NMB, NBC, Standard Chartered.

<sup>22</sup> Bank of Tanzania data.

<sup>23</sup> We can nonetheless note the considerable progress made in mobile banking in Tanzania: in less than 10 years, an effective and inexpensive payment system has been set up, enabling 60% of the population to have access to basic financial services (Source: "Money within reach – extending financial inclusion in Tanzania", Tanzania Economic Update, World Bank, April 2017).

<sup>24</sup> 91% of Tanzanian farms are family farms working an average surface of 2 ha.

<sup>25</sup> With an estimated cattle population of 25.8 million head in October 2015 (National Bureau of Statistics), Tanzania is just behind Ethiopia and Sudan in terms of number of animals.

**Preserving and enhancing a declining biodiversity.** Tanzania enjoys considerable wealth in terms of its flora and fauna, and protected areas make up 28% of the country. However, Tanzania is experiencing significant deterioration in its biodiversity, linked to the fragmentation of natural habitats, farming and livestock pressure, and illicit trafficking in animals. But its wealth of biodiversity is the main advantage of the country in terms of tourism, and it explains why more than 1 million tourists visit per year. With an average growth rate of 12% over the last decade, the tourism sector's direct contribution to GDP is 3.5% and its indirect contribution 10%. It moreover employs nearly 500,000 people. Tourism is concentrated quite locally (Serengeti Park, Ngorogoro Crater, Mount Kilimanjaro, and the Zanzibar marine areas) and strongly tied to biodiversity. Extensive livestock management and the fight against poaching are priority issues for the preservation of biodiversity and its development through the tourism sector.

**Mitigating the effects of climate change on agriculture and energy.** Tanzania is expected to undergo a rise in temperatures, from 0.5°C by 2025 to 4°C in 2100,<sup>26</sup> and higher in the southwest of the country. The average precipitation level is expected to decrease gradually, especially in the northeast, by up to 12% in 2100. Episodes of drought are expected to increase, with especially significant impact on agricultural production (both food and export crops), tourism (protected areas), as well as energy production (hydroelectricity). The exploitation of surface water resources and their distribution among various usages (drinking water, irrigation, hydroelectricity, protected areas), as well as the securing of agricultural production, will be important issues for the country's development. Climate change in Tanzania could generate additional costs representing 1 to 2% of GDP per year by 2030.

### Sixth country in terms of number of species classified by the IUCN

	Plants	Birds	Mammals	Fish
Ecuador	1,856	98	45	59
Malaysia	721	50	73	83
Indonesia	427	131	188	158
China	574	89	74	133
Tanzania	602	47	38	176
Madagascar	607	35	120	93
Brazil	521	165	81	86
United States	462	77	35	248

Source: Systematic Country Diagnostic, World Bank, Feb. 2017

## 1.2 TANZANIA'S DEVELOPMENT STRATEGY

**Reach middle-income country status by 2025.** Following the election of President Magufuli, the government drew up a second Five-Year Development Plan<sup>27</sup> entitled "Nurturing Industrialization for Economic and Human Development." This plan describes the government guidelines for the next five years (fiscal years 2016/17 – 2020/21) for all sectors. It is in line with the objectives of the "Tanzania Development Vision 2025," which seeks to transform Tanzania into an MIC. The plan has three core pillars: (i) industrialization of the economy, (ii) development of human capital, and (iii) effectiveness of public policies. The Five-Year Development Plan includes the major principles of the Africa Agenda 2030, Agenda 2030, and the 17 Sustainable Development Goals (SDGs). This very ambitious plan provides for the following by 2021: reaching annual income of USD 1,500 per person per year, reduction of the poverty rate from 28 to 16%, a threefold increase in electricity production capacity, a twofold increase in access to electricity, and an increase of 10 percentage points in the rate of access to drinking water.

**Raising significant public and private financial resources.** The new five-year plan continues the previous plan's policy of public investment in the sectors of education, healthcare, energy, transport, water, tourism, as well as environment. The Tanzanian government is counting on regular growth reaching 10% in 2021, and on an increase in direct foreign investment.

The estimated cost of implementing this very ambitious plan is USD 46 billion over five years.<sup>28</sup> It provides for Tanzanian government financing of USD 25 billion, plus support in the form of international aid. USD 19 billion is expected in private investment, which would be stimulated in particular by strengthening the financing capacities of the national investment bank (TIB).

**Climate change.** Tanzania's Nationally Determined Contribution (NDC), which was drawn up in September 2015 as part of preparation for COP21, provides for focusing the country's efforts on adaptation to climate change (more resilient agriculture,

<sup>26</sup> Intended Nationally Determined Contributions, United Republic of Tanzania, September 2015.

<sup>27</sup> The second Five-Year Development Plan (FYDP II - 2016/17 – 2020/21) includes the strategic intervention framework of the first Five-Year Development Plan (FYDP I, 2011/2012-2015/2016) and the National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA II, 2010/2011 - 2015/2016).

<sup>28</sup> Five-Year Development Plan - FYDP II - 2016/17 – 2020/21 – June 2016 – Ministry of Finance and Planning.



forest and biodiversity preservation, management of water resources, and diversification of energy sources). Though Tanzania's greenhouse gas emissions are considered negligible,<sup>29</sup> mitigation measures provide for reducing emissions by 10 to 20% in 2030, compared to the base scenario.<sup>30</sup> Nonetheless, the Tanzanian

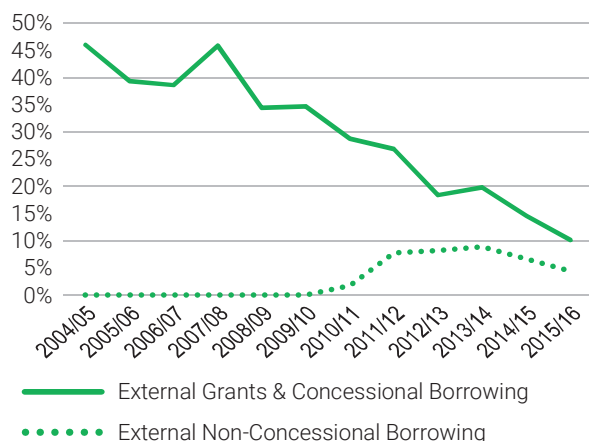
government's priority remains the socio-economic development of the country.

## 1.3 OVERVIEW OF DEVELOPMENT ASSISTANCE

### 1.3.1 Official development assistance

**Change in official development assistance (ODA).** Tanzania received an average USD 2.5 billion per year in net public aid over the last decade, making it one of the top ODA beneficiaries in Africa.<sup>31</sup> This ODA is chiefly earmarked for financing healthcare (36%), infrastructure (19%), the productive sector (10%), and education (5%). However, the country saw a relative decrease of the share of ODA in its public finances (the value of ODA in public expenditures between 2009 and 2015 fell from 35 to 14%, and its value as a percentage of GDP fell from 10 to 5%). There has also been a reduction in overall budgetary aid from USD 930 million in 2009 to USD 383 million in 2015.

#### Decrease in the share of external aid relative to public expenditures



Source: Government of Tanzania, World Bank

**A large number of donors.** There are 4 multilateral institutions, 17 United Nations agencies, and 18 bilateral funders with a presence in Tanzania. ODA coordination is organized among seven sector-based working groups and around 20 theme-based working groups that are intended to help further dialogue, but a great deal of their energy is spent filling in information on the many criteria, indices, and other targets. Tanzania's main funders are the World Bank, the United States, the United Kingdom, the African Development Bank, the European Union, and Japan.

### 1.3.2 Donor strategy

The multilateral donors are supporting Tanzania's development by providing significant commitments to the country's infrastructure and governance.

- **The World Bank** committed an average USD 750 million (International Development Association [IDA], International Bank for Reconstruction and Development [IBRD], International Finance Corporation [IFC]) per year over the past three years, making Tanzania the third-largest portfolio of the Group in Africa. The Group's strategy for the 2016-2022 period<sup>32</sup> provides for an annual commitment of USD 1 billion, with a focus on energy, urban development, agriculture, basic education, business environment, healthcare, and digital technology.
- **The African Development Bank (AfDB)** takes significant action in Tanzania, its second-largest client. AfDB's country strategy for 2016-2020 defines two strategic action pillars: (i) infrastructure development and (ii) strengthening of governance. AfDB is set to mobilize €1.028 billion in the form of concessional loans (ADF) and €790 million of less concessional resources.
- **The European Union** supports the country's development by providing aid of around €100 million per year in the form of grants. It remains the main contributor of general budget support. The 11th European Development Fund (2014-2020), representing €626 million, chiefly targets (i) good governance and development, (ii) energy, and (iii) sustainable agriculture.

Many other bilateral donors make their contribution to the country's development, mainly in the form of grants:

- **USAID** committed an average USD 150 million per year over the last three years in Tanzania, in the form of grants. Its Country Development Cooperation Strategy for 2015-2019 targets healthcare and governance. However, US development aid was impacted in 2015 when the appraisal of the Millennium Challenge Corporation's (MCC) second intervention worth USD 470 million was canceled.

<sup>29</sup> 0.2 tCO<sub>2</sub>e/person/year.

<sup>30</sup> The impact of continuing to exploit Tanzania's resources in natural gas, as a substitute for heavy fuel oil (HFO), as well as increased exploitation of its coal reserves, needs to be better evaluated.

<sup>31</sup> Organisation for Economic Cooperation and Development, Development finance statistics.

<sup>32</sup> Validation process currently under way.

- **DFID** committed an average USD 200 million per year over the last three years, in the form of grants. Over the 2016-2019 period, DFID commitments should continue to average yearly USD 210 million, focused on governance, security, education, and healthcare.
- **JICA** has made Tanzania its top beneficiary country for financing, ahead of Kenya and Ethiopia. Japanese aid, which averaged USD 200 million yearly over the last three years, includes grants, technical assistance, and concessional loans, the focus of JICA's actions are transport, industrialization, agriculture, energy, water, and healthcare.

#### **Increasingly larger amounts of non-concessional financing.**

China and Tanzania have a long history of partnership. Since 2005 they have signed numerous agreements on diplomacy, healthcare, trade, transport, agriculture, and telecommunications. In 2005, 9.4% of Tanzanian imports came from China; ten years later, China became its top supplier of imports, with a figure of 27%. This trend has been accompanied by a considerable rise in development financing (China reportedly held 20% of Tanzanian external public debt in 2015) via Chinese capital targeting large-scale infrastructure projects.<sup>33</sup>

### **1.3.3 French strategy**

**A partnership under construction.** Given the lack of strong historic ties between the two countries, France's still low-key presence in Tanzania, and the large number of other bilateral cooperation agreements in the country, the partnership between France and Tanzania still needs to be further strengthened. The French Embassy's Action Plan, drawn up in 2015, provides for priority to be given to (1) dynamic economic diplomacy, (2) political dialogue and defense cooperation, (3) contribution to the country's development and aid to its civil society, and (4) the setting-up of a cultural and educational policy to promote the French language. Special attention to strengthening ties with the EAC is expected.

**Trade on the rise.** In 2015, French exports to Tanzania reached €160 million, representing an increase of 250% over the previous year. The main reason for this trend is the strong growth in sales of pharmaceutical products and transport equipment. Yet, France ranks 31st among Tanzania's suppliers and represents only 1.5% of market share. That same year, French imports from Tanzania reached €40 million, a rise of 12% over 2014. Nearly 50% of these imports were products from the agricultural, forestry, fishing, and aquaculture sectors. In 2014, France's foreign direct investment in Tanzania was €45.1 million, making it the 10th largest investor there. There are nearly 40 French companies present in the country, including Alstom, Air France-KLM, Air Liquide, Bolloré, Bureau Veritas, CMA-CGM, Egis Lafarge, Maurel & Prom, Pernod Ricard, Sogea-Satom, Total, TPS, Schlumberger, Sodexo, Suez, and others.

<sup>33</sup> 542-km gas pipeline project connecting Mtwara with Dar Es Salaam, financed with a loan of USD 1.2bn from China Exim Bank; announcements of Chinese financing of USD 9bn for the 2,561-km railway connecting Tanzania to four neighboring landlocked countries and of the construction of the port of Bagamoyo, whose cost could reach USD 10bn.



# 2.

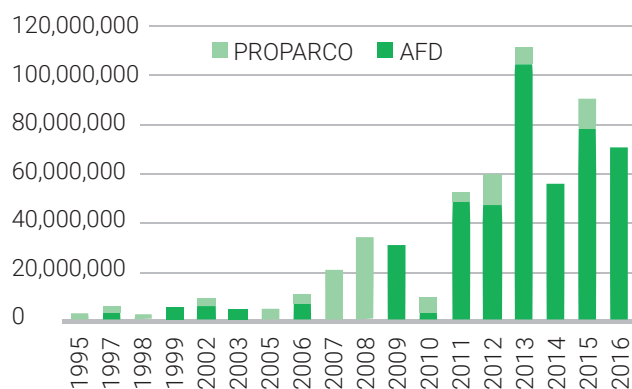
**ASSESSMENT OF  
AFD'S ACTIVITY  
IN TANZANIA  
(2008-2016)**

## 2.1 QUANTITATIVE ASSESSMENT

**AFD Group has been present in Tanzania since 1993** through its subsidiary Proparco. In 1997, the creation of the regional agency in Nairobi made it possible to develop AFD's activity in Tanzania from this base in Kenya. This activity intensified with the opening of an office in Dar es Salaam in 2008. AFD's actions in Tanzania are now on a growth curve, mostly via sovereign loans in what are several priority sectors for the Tanzanian government, such as water and sanitation, energy, transport, education, and healthcare. AFD is developing synergies with other donors (European Union, EIB, KfW, World Bank, etc.), especially in the energy and water sectors.

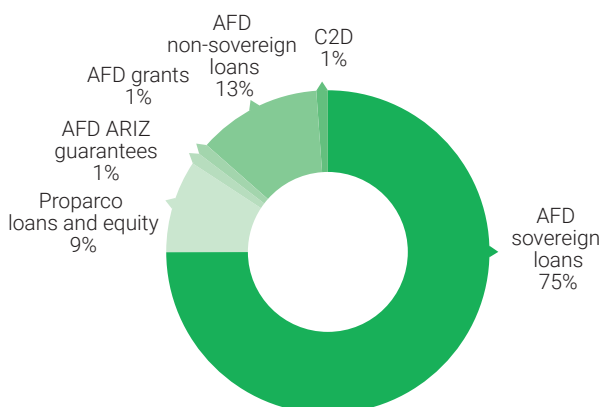
**Strong growth in commitments since the opening of the Dar es Salaam office.** Between 1995 and 2016, the total volume of AFD Group commitments came to €580 million, made up of €464 million from AFD and €116 million from Proparco. Its activity increased significantly from 2007, and in around ten years the annual commitment of the AFD Group grew from €3 million to €70 million.

**Trend in AFD Group commitments - 1995-2016 (in €)**



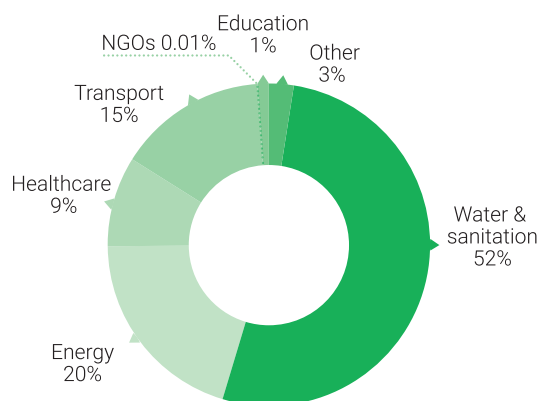
**A diversity of financing tools.** AFD's action in Tanzania has been made up mostly of sovereign concessional loans (75% of the Group's commitments between 2010 and 2016). AFD has also made use of diverse financing tools: C2D to promote education, the Aga Khan non-sovereign loan targeting healthcare, SUNREF credit line, ARIZ guarantee, FERC grant, and grants to NGOs. Sovereign financing from AFD has been implemented in the form of project aid (90% of non-guaranteed commitments for 2010-2016), program aid<sup>34</sup> (9%), and sector budget support (1%).<sup>35</sup>

**Breakdown of AFD Group commitments by type of product – 2010-2016**



**A relative sectoral concentration.** AFD has financed actions to promote several sectors (water and sanitation, energy, transport, healthcare, education) in addition to other sectors through the intermediary of financing or guarantees to local banks and via support to French NGOs (working in agriculture, healthcare, biodiversity, etc.). In volume terms, AFD has nonetheless concentrated on water and sanitation, which made up more than half its commitments in the 2010-2016 period, and on energy, which made up 20%.

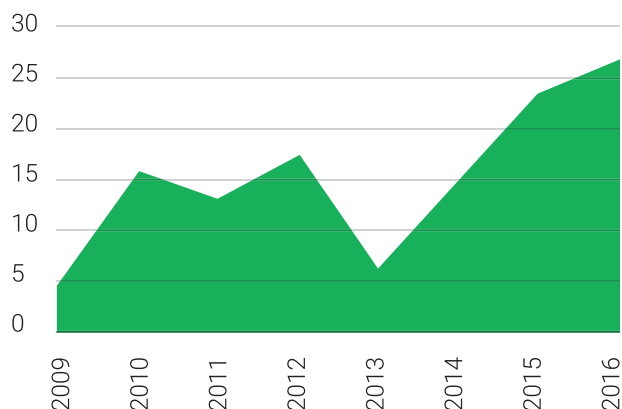
**Breakdown of AFD commitments (excluding Proparco) per sector**



<sup>34</sup> Contributions to the multi-donor fund related to the national Water Sector Development Programme.

<sup>35</sup> Debt Reduction-Development Contract for the education sector.

### Trend in AFD disbursements – 2009-2016 (in €m)



**Disbursements on the increase.** Over the 2010-2016 period, AFD disbursements came to €122 million. Despite mitigated performances in project appraisal and in the implementation of loans in Tanzania, AFD disbursements have experienced regular growth, with 54% of disbursements having been carried out in the last three years. These now exceed €25 million per year.

## 2.2 QUALITATIVE ASSESSMENT

**Building a portfolio, with an increasingly recognized identity.** AFD activities in Tanzania over the 2008-2016 period focused on several sectors considered as priorities for the Tanzanian government and for which AFD can provide added value. Despite its relatively new presence in the country, AFD has become a reference donor in the water and sanitation sector in particular and an increasingly important player in the energy sector. AFD has moreover supported operations by other development actors, by mobilizing non-sovereign financing for projects contributing to the country's development (Aga Khan health services,<sup>36</sup> SUNREF) and grants to finance actions by French NGOs in Tanzania (MDM, IGF, FERT, CIDR, etc.).

**Financing focused on basic infrastructure projects.** Improvement of access to water and sanitation has enjoyed significant support from AFD through the financing of investment projects in the secondary cities of Mwanza, Musoma, Bukoba and Morogoro as well as through contributions to multi-donor funds to help develop small-scale projects. AFD is also contributing to capacity building for public water utility companies. Support for public investment in electricity infrastructure was provided via two initial sovereign loans targeting the rehabilitation of electricity substations, improvement in the management system of the distribution grid of the public operator TANESCO, and the building of a high-tension electric line between Geita and Nyakanazi that will eventually make it possible to connect the Rusumo Falls hydroelectric power station to the national grid.

<sup>36</sup> The Aga Khan Health Services Tanzania (AKHST) has existed in the country since 1929 (Dar es Salaam dispensary).

The background features several overlapping green circles and curved lines of varying sizes and opacities, creating a dynamic, abstract design. The largest circle is centered on the left side of the page.

**3.**

**AFD INTERVENTION  
STRATEGY IN  
TANZANIA  
(2017-2021)**

# 3.1 END GOAL

**Balanced and inclusive development.** AFD’s action in Tanzania will help the country to achieve middle-income country (MIC) status by 2025, as defined by the Tanzanian authorities in their Vision 2025 strategy. It will be consistent with the 17 SDGs aiming to eliminate poverty, protect the planet, and guarantee prosperity for all by 2030, and it will seek to provide support for the country’s major transitions (demographic and social, energy, territorial and ecological, as well as digital and technological transitions). AFD will above all strive to make its action “100% Paris

Agreement” and “100% social cohesion” compatible, because it upholds the idea that it is possible to reconcile the fight against poverty and inequalities with the fight against climate change. Finally, by increasing its annual average amount of financing, the Group will help France meet its commitments of increasing French ODA to 0.55% of GNI by 2022, mobilizing 23 billion euros for Africa over the 2017-2021 period, and committing to 3 billion euros over the 2016-2020 period for renewable energies.

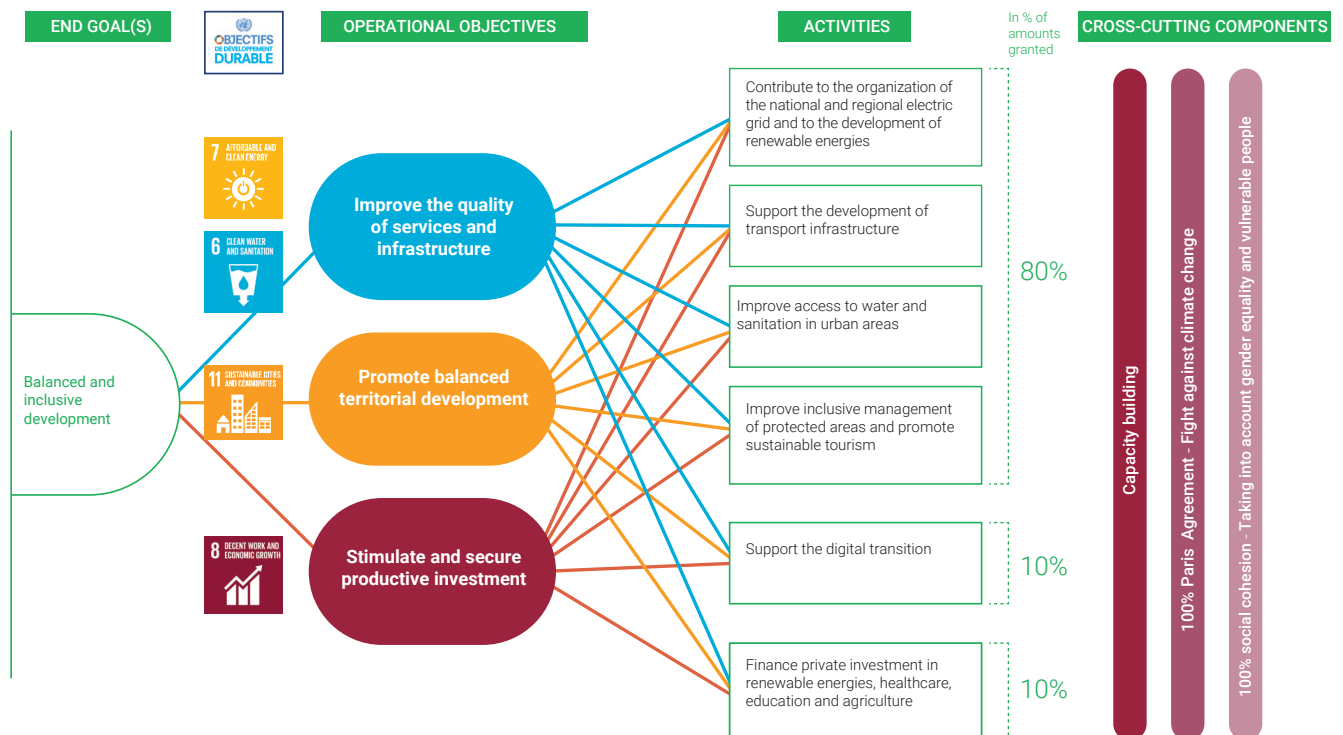
# 3.2 OBJECTIVES AND ACTIVITIES

As part of its actions for the 2017-2021 period, AFD has set three objectives in Tanzania that are in line with its regional intervention framework in sub-Saharan Africa (2017-2021): increase the quality of services and infrastructures, promote balanced territorial development, and boost productive investment. Given the needs of the country, the new five-year plan, and AFD’s experience in the country, the Agency will continue its priority action in the sectors of water and sanitation, energy, and transport. A well-managed opening-up to other sectors could be considered

through the financing of socio-economic projects with strong impact and visibility, for which AFD can provide enhanced added value (e.g. digital technology and biodiversity/tourism).

The AFD strategy is structured around three objectives that will be met by six activities.

AFD’s Logical Intervention Framework in Tanzania, 2017-2021



### Three objectives have been adopted:

- **Objective 1 – Improve the quality of services.** AFD will develop the financing of the priority basic infrastructure for the country, especially in the water and sanitation, energy, and transport sectors. Considering the country's needs and the investment costs, AFD will become very highly involved (60% of commitments), in the form of concessional sovereign loans. Depending on the size and nature of the projects, AFD can provide project financing through its own resources along with the use of grants (AfIF, GCF, AREI, etc.) or through cofinancing with other donors (WB, AfDB, KfW, EU, etc.). AFD can seek to mobilize grants of small amounts for capacity building projects (training, exchanges of experience) targeting public operators; these projects would make use of French public expertise in the sectors in question.
- **Objective 2 – Promote balanced territorial development.** Parallel to its support for urban or national basic infrastructure, AFD will seek to reduce urban and rural imbalances, by encouraging investment to further the development of rural areas. This investment will focus on access to electricity, preservation and enhancement of biodiversity resources, so that local populations can benefit from them.
- **Objective 3 – Stimulate and secure productive investment.** To round out the financing of public investments, AFD will facilitate private investment in sectors that have a strong socio-economic and/or environmental impact.

### These three objectives will be met through six activities.

#### (i) Improve access to water and sanitation in urban areas

The Water Sector Development Program provides for improvement in access to drinking water and to the development of water-treatment services. To contribute to these objectives, AFD will grant concessional sovereign loans in order to continue financing infrastructure for drinking-water production, storage and distribution, as well as infrastructure for wastewater collection and treatment. These investments will consist in the construction of new infrastructure and in the rehabilitation and optimization of existing infrastructure (to reduce non-revenue water). In view of the Tanzanian institutional context,<sup>37</sup> AFD will focus its financing on water and sanitation projects in the main cities of the country, around Dar es Salaam and Lake Victoria (Shinyanga, Geita, etc.), and it can also contribute to the national programmatic approaches (multilateral funds, sub-sector programs). Special attention will be paid to the operational and financial capacity building of public water and sanitation utilities companies, as well as to the choice of technologies used, with care taken to see that—given the context in Tanzania—their operations and profitability are ensured. Grants can be mobilized to finance certain capacity-building activities, in particular through partnerships with French institutions (exchanges of experiences with OIEau, participation in the “Water for All” Master’s program, etc.).

#### (ii) Contribute to the organization of the national and regional electric grid and to the development of renewable energies

To reduce the public electricity infrastructure deficit and to improve people's access to electricity, especially in rural areas, AFD will mobilize an increasing amount of financing, in the form of concessional sovereign loans. This financing will contribute to the implementation of Tanzanian government

projects dealing with: production of electricity from renewable sources (solar, hydroelectric and geothermal energy), national and regional transmission infrastructure (high-voltage electricity link between Tanzania and Zambia and between Tanzania and Uganda; control centers), and distribution (densification of the distribution grid in rural, semi-urban and urban areas; development of green off-grid production plants). AFD will seek to support the efforts to provide electricity to rural and suburban areas, by contributing to the implementation of the national electrification program by the Rural Energy Agency (REA) and to the establishment of renewable production capacities in TANESCO's isolated grids in rural areas. Special attention will be paid to operational and financial management capacity building for the national electricity operator, TANESCO. AFD will seek to mobilize European Union or Green Climate Fund grants for the regional projects and the renewable energy projects.

#### (iii) Support the development of transport infrastructure

At the request of the Tanzanian authorities, AFD can mobilize concessional loans to help the country take advantage of its geographical position to improve urban, interurban and national mobility and promote regional integration. AFD will seek to continue financing for the rehabilitation and improvement of the country's airport infrastructure, taking care that investments are commensurate with the prospects for transportation trends for goods and people. AFD can contribute to improving urban collective transportation, especially in Dar es Salaam, by participating in the master plans for transport development and by working in concert with other donors to the sector. AFD can become involved in other sub-sectors (ports, railroads) through cofinancing with other donors, given the very large size of the projects (several billions of euros).

#### (iv) Improve inclusive management of protected areas and promote sustainable tourism

To preserve and enhance Tanzania's relatively unique biodiversity, AFD's actions can contribute to improving the concerted management of existing protected areas and to promoting the development of sustainable and inclusive tourism in Tanzania. AFD will especially strive to develop tourism that is respectful of existing biodiversity in the national parks (through transport infrastructure, development of sites for private investment, e.g. lodges, anti-poaching equipment, training). AFD can support the efforts of the government and of NGOs to improve the management of natural spaces that involves the local populations in the preservation of natural resources. At the request of the Tanzanian authorities, AFD can mobilize sovereign or non-sovereign financing to help the Tanzania National Parks Authority (TANAPA), as well as grants from the French Facility for Global Environment (FFEM). Partnerships with other bodies (World Bank, KfW, Green Climate Fund) can be sought.

#### (v) Supporting the digital transition

The Tanzanian authorities have stated that they wish to accelerate the deployment and adoption of new technologies. As this is in line with AFD's digital strategy, which is currently being finalized, support for Tanzania's digital transition can be initiated. Within this context, AFD will give priority to expanding connectivity, be it through extending the optic fiber backbone of the governmental network or connectivity in rural areas. AFD will provide its support through concessional sovereign loans and FERC grants, in consultation with the World Bank, which is already taking action in this sector (Regional Communication and Information Program, Digital Tanzania).

<sup>37</sup> Given the difficulties that the local authorities have in paying the balancing subsidies provided for by law, the operation and maintenance of small-scale infrastructure to produce drinking water in rural or semi-urban zones remains difficult.



#### (vi) Finance private investments for sustainable development

To facilitate private investment in the sectors that have strong socio-economic and/or environmental impact, AFD will support the financing of small and medium-sized enterprises (SMEs) by Tanzania's local banks. It will do so by making available non-sovereign concessional credit lines with a long maturity as well as technical assistance. As part of its regional approach, AFD will develop SUNREF credit lines with local banks. Support for job-generating activities – especially in the agricultural, manufacturing and tourism sectors as well as in housing – can be considered through bank

intermediation. AFD will seek to provide a response to the sector's difficulties (higher interest rates in local currency, risk aversion). Support for the development of the private sector, in particular through allowing micro-enterprises and SMEs access to financial resources, can be carried out through the setting up of ARIZ or EURIZ type guarantees, especially with financial institutions that benefit from AFD credit lines. Other guarantee tools (sovereign credit guarantee or sovereign payment guarantee) can be considered to stimulate private investment.

## 3.3 CROSS-CUTTING COMPONENTS

#### (i) Capacity building

As part of financing public and private infrastructure, AFD will continue to finance capacity building for contracting authorities in Tanzania, especially for public procurement and project management. Special attention will be paid to continuing and developing technical and financial capacity-building actions for utilities companies. For these actions, AFD will seek to mobilize support grants for financing technical assistance services, short training courses, training that leads to certificates or diplomas,<sup>38</sup> and the training of trainers, etc. When possible, AFD will try to bring the Tanzanian public institutions that are beneficiaries of its financing into collaboration with French institutions.<sup>39</sup> Given the importance of capacity building for the country's development and for implementation of AFD-financed projects, AFD's capacity-building unit can be mobilized to go deeper into the needs and to determine an action plan adapted to the difficulties encountered when implementing projects.

#### (ii) Fight against climate change

In line with its Climate-Development strategy, AFD will ensure that its actions are consistent with the Paris Agreement, i.e. with low-carbon and resilient development trajectories. With its activities in Tanzania, AFD will strive to help reach its objective in terms of climate co-benefits in sub-Saharan Africa. It will moreover participate in meeting France's commitment to contribute €3 billion (over the 2016-2020 period), made within the framework of the initiative for renewable energy in Africa. With this in mind, AFD will continue to develop financing that especially promotes climate change mitigation; this will help support Tanzania on its low-carbon trajectory. AFD will therefore promote national projects to support the development of the Tanzanian energy mix based on renewable energies (hydroelectricity and solar projects,

etc.). It will also facilitate the emergence of a private financing offer dedicated to energy efficiency and renewable energy projects, in particular via SUNREF credit lines. The financing of urban transportation projects to limit greenhouse gas emissions will be considered.

#### (iii) Gender equality

The 1977 Tanzanian Constitution currently in force calls for equality between women and men, in accordance with the international treaties and agreements ratified by the country. However, discriminatory laws and legal systems still exist, as do de facto inequalities between women and men. AFD is seeking to promote a better taking into account of gender equality in Tanzania by paying special attention (i) to not make such inequalities worse and (ii) to make special efforts to create projects whose specific or main objective is to reduce gender inequalities. The aspect of gender equality will be gradually integrated into all actions, especially in the water/sanitation and transport sectors and with regard to the employment of women in actions concerning the private sector. AFD will aim for a 50% rate of gender-equality projects in Tanzania, with the use of DAC 1 or 2 as part of its financing. Taking better account of gender equality in this way will help meet the Group's commitment to "100% social cohesion".

#### (iv) Support for the governance of Tanzanian public enterprises

Within the framework of its new governance mandate, AFD will strive to provide guidance for the organization and financial empowerment of enterprises and operators. This support can, among other things, include guidance for the Treasury Registrar, which is in charge of state equity investment. In the form of expertise and technical assistance, this support will moreover contribute to developing AFD's non-sovereign financing.

## 3.4 PROPARCO'S STRATEGY

The AFD Group's first actions in Tanzania were through Proparco financing. Proparco developed its activity there from Nairobi, despite the difficulties related to the business environment and to competition with other donors. Between 2009 and 2016, its activity focused on support to financial institutions (80% in the form of credit lines).

Proparco's objectives at the regional level are ambitious in terms of commitments: a twofold increase in amounts by 2020 (from €1.1 billion in 2015 to €2 billion) and a threefold increase in development-related impacts and in contribution to the SDGs. The adoption of the Proparco strategy is based on i) changing client needs (technical and sectoral expertise, local currency, increased risk-taking) and ii) changes in the environment

<sup>38</sup> Via a FERC grant, AFD funded the cost of participation of a manager from the Ministry of Water and Irrigation in the "Water for All" Master's program of AgroParisTech for the year 2017-2018.

<sup>39</sup> In 2015, AFD funded an exchange between the Ministry of Water and OIEau to determine a capacity-building program for public water companies.

(competition among DFIs, use of blending facilities, volatility of underlying markets).

Proparco will continue its support to financial institutions, with special focus on looking for financing solutions in the local currency (in collaboration with AFD's East Africa agency). It will also develop guarantee mechanisms (especially trade finance). In Tanzania, development of business activity remains structurally limited by the relatively small number of sound financial institutions and the large number of donors involved in the sector.

With regard to infrastructure, Proparco will seek to develop its equity financing offer to strengthen its subsidiarity in the region. In Tanzania, special attention will be paid to improving the governance of the energy sector and the financial health of the off-taker of private production projects (i.e. the electricity operator TANESCO, which carries great weight in investment projects in the energy sector). Guarantee mechanisms can be explored to promote the emergence and bankability of these private energy producers.

Direct support will be given to businesses, especially to promote social sectors (healthcare and education), while support will continue to be given to the agribusiness and manufacturing sectors. The private sector is nonetheless concentrated on several large conglomerates already supported by the local banks. Support for these large groups will have to involve increased subsidiarity (size of financing sought in USD, extension of loan maturity, investments using own funds).

The synergies between AFD and Proparco will continue and be strengthened. Proparco's priority action will be with private banks, and that of AFD with public banks. AFD's actions with private financial institutions will continue (SUNREF or Agreenfi credit lines, ARIZ guarantees) and will give rise to dialogue with Proparco.

In terms of sectors, AFD, which finances the development of public infrastructure in the production, transmission and distribution of electricity, will continue to inform Proparco about the sector, especially regarding its financial health.

## 3.5 PARTNERSHIPS AND KNOWLEDGE PRODUCTION

In order to implement the objective of balanced and inclusive development as well as the Sustainable Development Goals, AFD will continue over the 2017-2021 period to work closely with the key technical ministries for the AFD actions, as well as with the contracting authorities with which AFD has been able to create quality relationships (TANESCO, public water utilities). It will diversify its partnerships with new contracting authorities connected to new projects (REA, DAWASA, TANAPA, etc.). AFD will consolidate coordination and look for synergies with the other European donors (EU/AfIF, KfW, EIB), the multilateral donors (WB, AfDB), as well as members of the IDFC (KfW, JICA, EADB). AFD will maintain a balanced approach between the financing of projects without cofinancing and that with cofinancing, especially when it comes to complex and large-scale projects. Finally, AFD will endeavor to produce knowledge, which will chiefly provide feedback on the projects financed. AFD will continue to develop partnerships with civil society organizations, in order to better respond to the social and economic challenges of Tanzania.



**4.**

**FINANCIAL  
PROSPECTS AND  
FORMS OF ACTION**

## 4.1 FINANCIAL PROSPECTS

AFD will continue its commitment to Tanzania's development, with a total commitment aim of around €600 million over the 2017-2021 period. Of this amount, approximately €500 million will be in the form of sovereign loans (i.e. about €100 million per year) and approximately €100 million in the form of non-sovereign loans (i.e. about €20 million per year).

In this respect, implementation of the Tanzania strategy will contribute to the objective of financing Africa's development, with €23 billion between 2017 and 2021.

## 4.2 SECTORAL CONCENTRATION

**Sectoral concentration taking into account Tanzania's needs, AFD's experience, and the available human resources.** In line with the recommendations on aid effectiveness (Paris, Accra, Buzan), AFD's action in Tanzania over the 2017-2021 period will offer continuity in terms of the sectoral orientations of the preceding period, by concentrating at least 80% of its financing in three sectors (water, energy and transport) and by seeking to optimize the number of cofinancing projects. A moderate opening-up to other sectors, mobilizing less than 20% of new commitments, can be carried depending on the opportunities, notably to foster the preservation and enhancement of biodiversity or of the country's digital development.

**Balance between geographical concentration and the country's territorial development needs.** AFD's action over the 2008-2016 period was not marked by geographical concentration, except for some of its actions to promote water and sanitation, which were concentrated in the cities along the shore of Lake Victoria, in Tanzania, Uganda and Kenya. Taking into consideration the country's needs, the request by the Tanzanian government, and the growth of the portfolio, AFD will continue to maintain this balance between the advantages of geographical concentration, the financing of new projects beneficial for the country's development, and human and financial resources for appraising and monitoring projects.

## 4.3 DIVERSITY IN FINANCING TOOLS

**Priority on continuing sovereign financing.** Given the financial and institutional situation of the public operators in the sectors where the Agency's actions are concentrated, AFD will give priority to mobilizing sovereign financing for public investments in the water, energy and transport sectors. It will mobilize grants for expertise and for capacity building or, when possible, EU dedicated grants (ARE Scale Up or SE4ALL Facility) to conduct feasibility studies in order to prepare projects or to fund technical assistance.

**Mobilization of grants.** As Tanzania is not a priority country for the mobilization of Program 209 grants, AFD will seek to mobilize grants from the European Union (AflF) or from the Green Climate Fund. Obtaining a grant from the Trade Capacity-Building Program (PRCC) can also be studied.

**Search for counterparts eligible for non-sovereign financing.** AFD will study the possibility of supporting, through non-sovereign concessional loans, public entities that present an acceptable risk or, in consultation with Proparco, private institutions active in sectors that have a positive social or environmental impact. AFD will continue to develop SUNREF credit lines and will also look into agricultural credit lines (Agreenfi). AFD can develop the ARIZ and EURIZ credit guarantee portfolio, taking care to achieve a balance between the number of eligible institutions and the human resources available for their monitoring.

## 4.4 IMPROVING THE PERFORMANCE OF SOVEREIGN FINANCING IMPLEMENTATION

Improving performance in implementing sovereign financing will be a priority action for AFD. It will implement the measures decided on with its Tanzanian counterparts following the work

launched with the Tanzanian Water Ministry with regard to the legal formalization of acts, public procurement, and disbursement mechanisms.

## 4.5 INTERACTION OF AFD ACTIONS IN TANZANIA WITH OTHER FRENCH STAKEHOLDERS

**Development of synergies between AFD's financing tools and the French Treasury (Direction générale du Trésor):** synergies will be sought between AFD and the Treasury's Economic Department (Service économique), for joint and complementary mobilization of the Treasury's instruments (FASEP and non-concessional Treasury loans) and AFD sovereign loans. Several projects have already undergone pre-identification by the regional Economic Department in Nairobi, the Economic Department in Dar es Salaam and AFD, in particular the project for the new Dodoma-Msalato airport and Phase 5 of the bus rapid transit (BRT) system of Dar es Salaam.

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**5.**

**MONITORING**

Monitoring of strategy implementation will provide information to develop communication actions and management of the activity. It will be carried out on the basis of the indicators listed below, some of which come from the list of bilateral aid indicators validated by the CICID in November 2016. These indicators will make it possible to measure how AFD's action has contributed to achieving the previously indicated SDG targets.

### **By sector**

- *Number of people connected to the electricity grid or gaining access to electricity*
- *New capacities of renewable energies installed*
- *Surface areas benefiting from a program to conserve, restore or sustainably manage biodiversity*
- *Investments supported in the private sector*
- *Number of businesses (SMEs) benefiting from AFD support or financing*
- *Number of people gaining long-term access to an improved source of drinking water*
- *Number of people gaining access to an improved sewage system*
- *Number of users of transportation systems rehabilitated or created*

### **In terms of climate co-benefits**

- *Proportion (in monetary terms) of commitments approved having a climate objective*

### **In terms of gender equality**

- *Proportion (in monetary terms) of commitments approved having a gender-equality objective*
- *Percentage of women among the people concerned by credit operations*

A midterm review of the strategic framing will be carried out in 2019, with the dual objective of (i) updating the initial orientations depending on how the context evolves and (ii) adjusting/ specifying the financial forecasts for the second half of the implementation period.

# ACRONYMS AND ABBREVIATIONS

**ADF:** African Development Fund

**AFD:** Agence Française de Développement

**AfDB:** African Development Bank

**AfIF:** Africa Investment Facility

**AREI:** Africa Renewable Energy Initiative

**AU:** African Union

**bn:** Billion

**BRT:** Bus rapid transit

**C2D:** Debt Reduction-Development Contract (*Contrat de Désendettement et de Développement*)

**CCM:** Chama Cha Mapinduzi

**CCM:** *Chama Cha Mapinduzi*

**CICID:** *Comité Interministériel de Coopération Internationale et de Développement* (Interministerial Committee for International Cooperation and Development)

**CIDR:** Centre International de Développement et de Recherche

**CIR:** *Cadre d'Intervention Régional* (Regional intervention framework)

**COP21:** 21st Conference of the Parties

**DAC:** Development Assistance Committee

**DAWASA:** Dar es Salaam Water and Sewerage Authority

**DFI:** Development Finance Institution

**DFID:** Department for International Development

**DRC:** Democratic Republic of Congo

**EAC:** East African Community

**EADB:** East African Development Bank

**EIB:** European Investment Bank

**EPA:** Economic Partnership Agreement

**EU:** European Union

**FASEP:** Private Sector Study and Aid Fund (*Fonds d'étude et d'Aide au Secteur Privé*)

**FDI:** Foreign Direct Investment

**FERC:** Expertise and Capacity Building Fund (*Fonds d'Expertises et de Renforcement de Capacités*)

**FERT:** French association for international cooperation for agricultural development in developing and emerging countries

**FFEM:** French Facility for Global Environment (*Fonds Français pour l'Environnement Mondial*)

**FYDP:** Five-Year Development Plan

**GCF:** Green Climate Fund

**GDP:** Gross domestic product

**GGGR:** Global Gender Gap Report

**GNI:** Gross national income

**HDI:** Human Development Index

**IBRD:** International Bank for Reconstruction and Development

**ICTR:** International Criminal Tribunal for Rwanda

**IDA:** International Development Association

**IDFC:** International Development Finance Club

**IFC:** International Finance Corporation

**IGF:** International Foundation for Animal Management (*Fondation Internationale pour la Gestion de la Faune*)

**IMF:** International Monetary Fund

**JICA:** Japan International Cooperation Agency

**KfW:** Kreditanstalt für Wiederaufbau (German development agency)

**LIC:** Low-income countries

**m:** Million

**MCC:** Millenium Challenge Corporation

**MDGs:** Millennium Development Goals

**MDM:** Doctors of the World (Médecins du Monde)

**MIC:** Middle-income Country

**NDC:** Nationally Determined Contribution

**ODA:** Official Development Assistance

**OIEau:** International Office for Water (*Office International de l'Eau*)

**PPP:** Public-private partnership

**PRCC:** Trade Capacity Building Program (*Programme pour le renforcement des capacités commerciales*)

**REA:** Rural Electrification Agency

**SADC:** Southern Africa Development Community



**SDGs:** Sustainable Development Goals

**SMEs:** Small and medium-sized enterprises

**SUNREF:** Sustainable Use of Natural Resources and Energy Finance

**TANAPA:** Tanzania National Parks Authority

**TANESCO:** Tanzania Electric Supply Company Limited

**TDV:** Tanzania Development Vision

**TIB:** Tanzania Investment Bank

**TZS:** Tanzanian shilling

**UN:** United Nations

**USAID:** United States Agency for International Development

**VAT:** Value-added tax

**WB:** World Bank



## What is AFD?

AFD is an inclusive public financial institution and the main actor in France's development policy. It makes commitments to projects that genuinely improve the everyday lives of people, in developing and emerging countries and in the French overseas territories.

AFD works in many sectors – energy, health, bio-diversity, water, digital technologies, training – and supports the transition to a safer, more equitable and more sustainable world: a world in common. Its action is fully in line with the Sustainable Development Goals (SDGs).

Through its network of 85 agencies, AFD operates in 109 countries and is currently supporting over 3,500 development projects. In 2017, it earmarked EUR 10.4bn to finance these projects.

<http://www.afd.fr>

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