

INTERVIEW

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Inspired project boosts relations

Tanzania is among the few countries in Africa that qualified for funding under a grand US initiative to help countries uplift millions of their people from poverty. The Tanzania Compact—Millennium Challenge Corporation's largest to date—is stimulating economic growth, increasing household incomes and raising the quality of life in programme areas through targeted infrastructure investments in transportation, energy and water. The Chief Executive Officer of the Millennium Challenge Account-Tanzania (MCA-T), Mr Bernard Mchomvu, explains how MCC started and outlines the progress of projects funded under the initiative:

By Tom Mosoba
The Citizen Reporter

What is MCC and why is it important?

MCC was born out of a conference in South America in 2002, during which critical issues that hindered development in poor and developing countries were identified. MCC thus came into being as a tool the US would use to engage with countries that fulfill conditions seen as vital to securing prosperity among their populations.

MCC has since devoted unprecedented resources in development assistance to help partner countries, mostly in Africa, positively transform the lives of the poor and catalyse long-lasting economic progress. In 2008, Tanzania signed an MCC Compact worth \$698.13 million (nearly Sh1.2 trillion) shillings that expires next year. There was an additional \$9.8 million (Sh15.6bn) to facilitate setting up of the compact.

How did Tanzania qualify as the biggest MCC beneficiary?

Tanzania has had a good and long-lasting relation with the US. It is a mutual friendship

that started from independence. Besides, the leadership has demonstrated a commitment to good governance with the desire to end entrenched poverty. The MCC included Tanzania among the first countries that qualified for funding under the initiative because we met the benchmark. To qualify, a country is taken through a rigorous selection process that focuses on good governance structures, advances in democratic rule, a good investment climate and the fight against poverty.

Of MCC's 26 signed compacts, 15 are with African countries, totaling over \$5.8 billion—about 70 per cent of MCC's total compact portfolio. Other countries in Africa with MCC Compacts are Benin, Burkina Faso, Cape Verde, Ghana, Lesotho, Madagascar, Malawi, Mali, Morocco, Mozambique, Namibia, Senegal and Zambia.

Where are the MCC projects and how are they selected?

The projects span the regions in the Mainland and Zanzibar. They are selected after a thorough process to ensure they are aligned with the objectives



Mr Bernard Mchomvu, the CEO Millennium Challenge Account-Tanzania, during the interview in his office. PHOTO | VENANCE NESTORY

as set under MCC. The process is verified by the MCC board itself before the official signing. We were lucky in Tanzania in that the identification of these projects was made a lot easier through the already existing poverty alleviation programmes Mkukuta and Mkuza in the Mainland and the Isles respectively. Also, the selected ones must demonstrate a possible economic return rate of at least 12 per cent. They were broadly classed under infrastructure, energy and water sub-sectors.

Highlight the key MCC projects and their impact?

We have several critical projects, some already finished. Most of those ongoing are also in the last stages. These projects

are in the transport, energy and water sectors. These are seen as the areas offering the surest bet to record a significant leap in economic prosperity of the citizenry.

Infrastructure

Under transport infrastructure, we are talking of tarmacking nearly 500 kilometres of trunk roads, some opening the agriculturally-rich regions hitherto locked out due to very poor and impassable roads. Tanga-Horohoro, Songea-Namtumbo, Peramiho-Mbinga and Tunduma-Sumbawanga are the key roads we are talking about. Some 35 kilometres of road will also be paved in Pemba while the remote Mafia Island will soon boast a modern airport.

These projects will reduce transport costs and travel times, facilitate access to social services and markets and increase tourism potential.

Electricity

The project aims to boost the quality and quantity of electricity for businesses and households, that way raising investment potential. The energy component includes \$206 million to rehabilitate and expand the power grid. The project has already availed 100MW of undersea submarine cable linking the Mainland and Zanzibar. This means the Isles will not experience incessant blackouts that hurt tourism. The funding will see the installation of some 3,000 kilometres of electricity transmission and distribution lines in Mbeya, Dodoma, Iringa, Morogoro, Tanga, Mwanza, Kigoma, Geita and Manyara. Twenty-four sub-stations will be established. More than 1.5 million people are expected to benefit over 20 years, raising incomes by an estimated \$934 million. The total number of beneficiaries by 2020 is estimated to be 252,000 households and businesses, approximately 88,000 previously unserved. The Malagarasi hydropower in Kigoma alone is expected to directly benefit 13,000 newly served households and businesses.

Water

Approximately 616,000 households in Dar es Salaam and approximately 51,000 households in Morogoro are targeted for better quality and more reliable water supply—to be achieved by raising the Lower Ruvu water output capacity by 90 million cubic metres. The idea is to add between 23 million to 33 million cubic metres by September. Tackling water shortages and offering clean water will reduce the high incidence of water-related diseases, low workforce productivity and constrained business growth.

What role has the government played?

Besides ensuring the prerequisite conditions to qualify for MCC Compact, the government set aside Sh11 billion in the 2012-2013 financial year to fund the same programme. The minister for finance announced that another Sh99 billion has been budgeted for MCC this year. This funding is crucial to plug financial gaps created by inflation, fluctuating exchange rates and the high fuel costs. These projects are ours and not America's, so it was important for the state to provide such a guarantee.



President Jakaya Kikwete and former US President George W. Bush sign the MCC \$698 million grant agreement on February 17, 2008 at State House, Dar es Salaam. PHOTO | FILE

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698m

Value in dollars of the MCC Compact signed by Tanzania and the United States in 2008

MORE INFO: SOLAR POWER BRINGS BRIGHTER FUTURE TO WESTERN TANZANIA

MCC brought solar power to western Tanzania, helping bring electricity for the first time to health centres, dispensaries, village markets, and secondary schools. It's the largest solar-power project in the country.

A Better Life by Working Together

The Gender Integration Programme in Tanzania helped train about 1,000 people in skills such as finances, organisational management and entrepreneurship to more fully integrate men and women into the economy. One group in Dodoma is already seeing big results.

Turning Blackouts into Opportunities

MCC's investments in Zanzibar's electrical grid should make regular blackouts a thing of the past—which is good news for the island's residents and business owners.

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What about challenges and the sustainability of these projects?

We have been facing delays by some contractors but swift action was taken to make sure the projects do not stall. Vital logistical lessons are being learnt as we progress. Vandalism and theft of supplies by dishonest individuals are the other serious setbacks that local leaders will have to confront.

The projects are mostly a social service and one would expect the highest care taken to maintain the establishment that is handed over to the communities. We will expect the normal procedures within the establishment to protect and maintain the facilities once completed and transferred.

Will the MCC support be extended?

Tanzania has done extremely well in the implementation of MCC Compact 1. As the local implementing arm of the state, I can say for certain that it has been a rich and fulfilling experience to bring to fruition the planned projects. The remaining ones will be completed as planned as we still have a year to go. It is also possible that those that spill over will be addressed. The good news is that the country is on course to land another round of the MCC Compact. However, we still a long way to go to the signing of the deal. We hope it will come to pass. There is already a national co-ordinating office appointed to lead the process. The team is already selecting and vetting targeted projects and, unlike the last programme, the second one will cover feeder roads and rural electrification if it is successful.

What is the significance of Barack Obama's visit?

We warmly welcome President Barack Obama to Tanzania. His coming is testimony to the two countries' deep friendship as attested to by the ongoing MCC projects and many other spheres of bilateral relations. We should take pride in establishing links and friendship with a country as powerful as the US. No country is self-reliant and we need to build more bridges and not enemies.

Success story: The road to prosperity

Issa Ali has ridden the bus up and down the road almost every day for the past seven years.

The bus—a weathered green passenger coach emblazoned with hand-painted Ferrari logos—starts off each day in Tanga. As each passenger prepares to board, Ali collects the fare and helps pack their luggage.

The bus's first stop on its daily five-hour journey is the Tanzania-Kenya border crossing at Horohoro, followed by a trip west to Mwakijembe, and then back to Tanga.

It wasn't always an easy ride to Horohoro from Tanga.

"For so many years, the road was so bad," said Ali, 31. "We frequently broke down. The springs would pop. The tyres would pop. Now, that doesn't happen."

That's because the MCC, as part of its five-year, \$698 million compact with Tanzania, improved this vital stretch of road by widening and paving 65 kilometres.

Safety curbs were installed to protect pedestrians and cyclists. Eleven bridges were upgraded and six cantilever walkways were installed.

Gravel to asphalt improvements to the road, which help to link the region with the port of Mombasa, about 120 kilometres away, were completed on September 30, 2012.

The upgrade means that an asphalt-paved high-

way now connects Dar es Salaam and Mombasa. The new road should do a power of good for the region's farmers. A large share of the fruit grown near Tanga—mostly pineapples, passion fruit, oranges, and mangoes—are transported to market through Mombasa port, says T.G. Masaba, the acting regional supervisor for the Tanzania National Roads Agency.

And traffic has already grown five-fold along the road, from about 200 to 1,000 cars each day as of late 2012. Mr Masaba says, "Horohoro used to be a sleepy border," he adds. "It's much, much busier now."

Along the length of the road, beneficiaries from various backgrounds talk about saving money because of the project. A roadside drink stand owner feels safer and is hopeful more customers will come. A teenager can strap an ice chest to his bike and sell dessert to remote villages because he can reach those villages more easily.

A trucker drives the length of the road in less time and with lower maintenance costs. A shop owner is able to save money on inventory restocking costs and use the savings to expand his business.

Batuili Karata hopes the increased traffic will mean more business. She runs a restaurant along the highway, just outside of Tanga. From under a small shelter with a thatched roof, she

sells tea, coffee, ugali, rice, beans and bread to pedestrians and cyclists.

Karata has been running the restaurant for more than 10 years. She believes the improved road means people will be walking or cycling farther, meaning they'll be approaching Tanga hungry and thirsty—and ready to buy a meal from her.

But even if that spike in potential customers never

For Helman Munyi the distance is money. The 15-year-old leaves Tanga each morning with an ice chest full of frozen fruit drinks strapped to his bicycle. He sells all of his stock and he sends part of his income to his parents, who are smallholder farmers.

On a typical day, he will ride about 20 kilometres outside of town and then begin selling to villagers who live off a side road.

used to take more than an hour. Now it is less than 30 minutes. There is also less wear on the truck. "It's so much more comfortable now," he said. "Before, the truck would always bounce around."

One of Yusuph's destinations is the border crossing at Horohoro, where Joseph Moshi owns a small shop selling drinks, clothing, food, and medicine.

The improved road has been a boon to Moshi, who sends a truck each week to Tanga to purchase inventory.

When the road was little more than a dusty track, the truck would leave early in the morning and arrive after nightfall. Now the round trip takes three hours.

The new road is also helping Moshi save fuel and maintenance costs. A trip on the old road would require 20 litres of fuel. He now needs only seven litres for the trip. And there is far less wear and tear on the vehicle. "I used to have to send the car to the garage often—sometimes even after a trip or two," he said. "The road was that bad."

With his savings, Moshi is reinvesting in his business. He now offers a wider range of products, such as more brands of soft drinks. "With more products to offer, people tend to buy more things," he said. "It's helping my business continue to grow."

Source: www.mcc.gov

MORE INFO: PACT TO BOOST INFRASTRUCTURE

Tanzania and the US in 2008 signed the Tanzania Compact – MCC's 16th and largest to date.

Tanzania is the 9th African compact signed by the MCC. The \$698 million agreement will focus on the infrastruc-

ture, energy, and water sectors. The infrastructure projects consist of improving mainland trunk roads, resurfacing airport runways on Mafia Island, and rehabilitating rural roads on Zanzibar and Pemba islands.

arrives, she is thankful that the project has brought more safety to that stretch of the road. Her business sits near a bend in the highway that previously was narrow. A pack of robbers used to hide in the bush nearby and steal from travellers, especially pedestrians.

The project widened the road and cleared the vegetation nearby, leaving the robbers with less room to hide. Karata has not heard of any crime in the area since. "They robbed people all the time," she says. "Now it's more open. There is more traffic. It is much harder for them to hide."

Students and teachers at a secondary school along the way are among his best customers.

"Before, I couldn't ride very far out of town," says Munyi. "Now, I can go up to 20 kilometres on a single day. I'm selling this far out because the new road is here."

Not far from where Munyi turns off the highway to sell to rural communities, Mzee Yusuph parks his tractor-trailer four times a week to receive a shipment of salt.

A standard haul consists of 31 tonnes of salt, shipped to Tanga from a mine not far from the ocean. The drive



President Jakaya Kikwete and US Ambassador to Tanzania Alfonso Lenhardt at the site of a road project. PHOTO FILE