

The millennium challenge account

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Tanzania is one of the few countries in the world benefiting from the poverty reduction fund (Millennium Challenge Account) initiated by the government of the United States in 2002-03, and managed through The Millennium Challenge Corporation (MCC). Tanzania became eligible in November 2005 having satisfied all the US government's pre-conditions. A country has to demonstrate that it is ruled justly, investing in people and has freedom of trade. Under these three broad conditions, a nation has to satisfy a total of 17 sub-conditions covering amongst others, being democratic, law abiding and having strong anti corruption practices.

Tanzania started to work on an economic growth and poverty reduction package in March 2006. In doing this, the government was guided by its genuine desire to come up with a package that would give a better working environment to both the people and institutions engaged in productive activities. This was the desire to provide an enabling environment to both local and international investors. The government wanted to make sure that the American economic support was effectively used to supplement the implementation of the already adopted Strategy for Economic Growth and Poverty Reduction. This was intended to give the country sustainable economic growth and also address poverty reduction and improve the social wellbeing of the majority of the people.

The Tanzania Compact

Based on what the Government wanted to achieve, infrastructure projects in transport, energy and water were given preference. The Tanzania Compact is worth US\$698 million and all the projects are to be completed by 2012-13. At the same time, in order to implement the programme in the best way possible, in September 2007 the Government established the Millennium Challenge Account Tanzania (MCA-T). The Compact Agreement was signed by our respective Presidents in Dar-es Salaam on the 17th February 2008.

Compact Implementation Status

Since the signing of the Compact a lot of progress has been made to the satisfaction of all the involved parties. Most of the design works, compensations and other preparatory assignments have been completed and the Compact has entered the actual construction phase.

Transportation Sector

We have more than 430 km of road works to be upgraded to bitumen standard. While the Tanga-Horohoro road is already under construction since May 2010, contractors for both Laela-Sumbawanga and the Songea-Namtumbo segments are on site and some of the construction equipment already delivered. The Peramiho-Mbinga stretch has been handed over to the contractor and work is expected to commence in September 2010. By the end of August 2010, contracts for works covering the Tunduma-Ikana and the Ikana-Laela stretches will stand awarded. All these are scheduled for completion by end of 2012.

The energy sector

Within the energy sector we have several projects vital for both the economy and the social sector. Without power a nation is doomed. A Sub-Marine cable project to give Zanzibar 100 MW power has been awarded to a Contractor for completion in 2012. It is a critical project for the economic growth of Zanzibar which to a great extent depends on the tourism industry. A package for rehabilitation and power extension covering six regions of Tanzania's mainland, namely Mbeya, Iringa, Dodoma, Morogoro, Tanga and Mwanza will be awarded to contractors before mid-September 2010.

The water sector

The purpose is to give more water to Dar-es-Salaam and also to Morogoro town. The process to procure the contractors is at an advanced stage. It is expected that by end of October 2010 contractors for the two packages will be in place with a timeframe for completion in 2012.

Conclusion

It is clear that during the last five years, the Government has worked hard to keep its promise to the people. The selected sectors under the Compact are movers of the economy. Remote areas have been given a preferential consideration. Farmers will be able to get their produce to market more easily. Farm equipment and supplies will be more readily available and at reasonable prices. More people in the rural areas will access electricity, and this will have a lot of multiplier effects. Industries will function better, providing more jobs to the people, more revenue to the government and in the end economic growth, better social services and an effective reduction in poverty. **F**