



**MILLENNIUM  
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CORPORATION**  
REDUCING POVERTY THROUGH GROWTH

# Transcript

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## Millennium Challenge Corporation Holds a Tanzania Public Outreach Event

### Speakers

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### Transcript

HAYES: Good afternoon. My name is Stephen Hayes. I'm president of the Corporate Council on Africa, and it's our honor to be co-hosts with the Millennium Challenge Corporation today to really celebrate the compact signing in Tanzania by the United States president and the president of Tanzania, a very historic event in that regard. And so we are very honored to be a part of that celebration today.

We're also here today, though, to look at how business can benefit and learn more about the compact and what it means to American businesses and other businesses that the compact has been signed. What's it mean to the

future and how the American businesses not only support the compact, but support the growth of Tanzania, as well as their own businesses.

So, again, thank all of you for coming out. I see many of our members, many who are not, and we are grateful that you're here. And without further ado, we'll turn the stage to the person who has really the Millennium Challenge Corporation into much higher levels of great esteem and showing great leadership. That's Ambassador Danilovich.

Mr. Ambassador?

[APPLAUSE]

DANILOVICH: Thank you very much, Stephen, for that kind of introduction, and thank you very much for organizing today's events and for having our friends at the Corporate Council on Africa partnering with us to make all of this possible and to celebrate our signing of the compact with Tanzania last week in Dar es Salaam.

CCA's tremendous leadership in promoting business and investment throughout Africa complements MCC's mission of reducing poverty to sustainable economic growth, and we are proud to be associated with you in these efforts.

The extent of America's commitment to Africa has dominated the headlines recently, and I consider this meeting today and your being here with us at MCC headquarters a celebration of the commitment that benefits Africa, benefits the United States and reinforces the fact that partners working together can help build the future for their people.

A few short days ago, as we said, President Bush and President Kikwete met in Dar es Salaam to sign the nearly \$700 million compact between Tanzania and the Millennium Challenge organization. This marks MCC's 16th compact with the country, committed to overcome its specific barriers to poverty reduction and economic growth and to creating a better life for its people. It had been MCC's ninth compact in Africa, confirming the tremendous importance we attach to promoting economic development and growth on the continent.

In fact, nearly 70 percent of what MCC has committed in compacts around the world benefits the people of Africa. Our 16 compacts throughout Africa, in Central America, Eurasia and the Pacific have invested \$5.5 billion to support countries accepting the challenges and responsibilities for their own sustainable economic development.

The compact with Tanzania, our largest to date, is further proof that MCC model is working as Congress intended it to work. Since our establishment in 2004, MCC has been fulfilling our mission of reducing poverty through economic growth by partnering with poor countries around the world committed to good government, to good governance, to investing in the health and education of their people and in economic freedom.

MCC's approach has fundamentally changed the way partner countries look at their own development. Countries understand that they have to compete for MCC funding based on their sound political, economic and social policy performance. Countries understand that MCC will not do for them what they are unwilling to do for themselves. Countries understand that funding from MCC works best when they are empowered to create and implement their own specific solutions to their own specific challenges.

As a result, MCC partner countries are undertaking the difficult work of policy reforms and capacity building to take the lead in their development so as to have a meaningful, tangible and sustainable impact on the lives of their citizens. For Tanzanians, making the promise of poverty reduction and economic growth a reality means making strategic improvements to overcome an inadequate transportation network, an insufficient and unreliable supply of energy, and a shortage of clean and safe water.

The MCC-Tanzania compact makes infrastructure investments in transportation, energy and water, which, taken as a whole, will stimulate economic growth, raise household incomes and improve the quality of life of Tanzanians. The compact builds on the national reform efforts already under way in Tanzania to fight poverty, leading to sustainable economic growth.

It complements the great progress Tanzania has already made on its MCC threshold program to fight corruption. The \$11 million threshold program spans a two-year period and is enabling Tanzania to enhance local capacity to fight corruption, strengthen the rule of law and good governance, increase oversight of public procurement, all positive efforts for doing business in that country and for its long-term development.

The program trained journalists in investigative journalism techniques and equipped civil society to track public expenditures. These are important tools in Tanzania's ongoing fight against corruption, which will continue now as it implements its compact.

Ultimately, the compact signed last week creates the conditions for the private sector to expand its engagement and thrive in Tanzania. By improving transport routes, by ensuring uninterrupted electrical services in ship cities and in Zanzibar, and by overcoming severe water shortages in key areas, including the capital city, industry and businesses will have access to a more productive labor force not suffering from waterborne diseases, electricity to run their commercial activities, and improve roads to transport their products to market more effectively.

These create opportunities for increased private sector activities and investments, which are the true engines of economic growth over the long term -- Tanzania's compact in business, for example, a public-private partnership in the energy sector, with private sector participation in the national electricity system. This is just one of the many opportunities for the private sector to build on MCC projects in Tanzania.

Other possibilities also exist in the water sector. We invite and encourage the private sector to take advantages of emerging opportunities in MCC partner countries. Private sector engagement enhances and transforms

development assistance and leads to lasting results in the lives of the poor. We want MCC assistance to help communities prosper and empower the poor to become active participants in a healthy local economy, and eventually in a global economy as well.

How does MCC do this? By insisting on sound fiscal monetary and regulatory policies, MCC creates a pro-business and pro-investment environment. As the finance minister of Indonesia stated, the real draw of MCC's selection process and eligibility is not necessarily the money, but also a type of seal of approval, which sends a powerful signal to entrepreneurs that conditions are swiftly improving in countries that are creating the right environment for business and investing.

We see this on many levels. MCC investments foster continuing economic activity, whether by a farmer in her fields who now invests because she has title to her land or by a local company that invests because of the improved business climate and infrastructure made possible by the MCC.

MCC investments enable and encourage other investments that were previously constrained by lack of a school or trained workers or a road or clean water or proper sanitation. MCC investments provide the private sector with a point of entry to initiate or expand their own commercial activities. And these parallel or complementary investments from the private sector reinforce MCC activities and enhance both the sustainability and the development impact of MCC projects.

And as private enterprise takes root and thrives, MCC investments will be succeeded by local economic activity and foreign investment. And we welcome that. MCC grants to developing countries are designed to be transitional and to pave the way to private investment. We will truly be successful when we see that transition taking place, having provided the right political, economic and social environment to sustain economic growth, and MCC investments are replaced with private sector activities.

MCC's compact with Tanzania is only a beginning, a starting point for making the most of this historic investment. Through Tanzania's proven determination, its leadership and its entrepreneurship, the compact we celebrate today will become a key part of its road map to a future of greater opportunity where poverty is replaced with prosperity. MCC welcomes our partnership with Tanzania, and we intend to make this a reality.

Thank you for your ongoing interest in the Millennium Challenge Corporation, including the significant role that private enterprise can play in maximizing our partnership with Tanzania. Tanzania is open for business, and I invite you to explore the opportunities available there.

I'm pleased now to turn the program over to my friend, His Excellency Ambassador Sefue, who began his career of service in Washington last June. As a career diplomat, he previously served as his country's ambassador to Canada. In addition to his distinguished career in Tanzania's foreign service, the ambassador has served in the office of the Tanzanian president as a speechwriter and adviser. Please advise me in welcoming the ambassador here this afternoon. Thank you very much.

[APPLAUSE]

Thank you, Ambassador.

SEFUE: Thank you very much.

Good afternoon. Let me just thank you, Ambassador Danilovich, for that most generous introduction.

I should also like to thank the Corporate Council on Africa and the Millennium Challenge Corporation for organizing this event following the signing of Tanzania's MCC compact in Dar es Salaam on February 17th.

I was working for the previous president of Tanzania, Benjamin Mkapa, when we first applied for MCC funding eligibility. By the time President Mkapa left office in 2005 and I returned to the foreign service, we had become an MCC compact threshold country. Little did I know then that I would end up being my country's ambassador to the United States and be part of the process to finalize the MCC compact and to witness its signing in Dar es Salaam. For me, therefore, the signing and today's event are matters of great personal satisfaction.

Let me also thank all of you who accepted the invitation to be here this afternoon. And this shows you have confidence in the MCC as an innovative and welcome initiative and instrumental to the development of cooperation and the possibility to create for the private sector what's special in Tanzania's development to mutual benefit.

Let me talk briefly of what the compact means for Tanzania. While I was interviewed on the national television in Tanzania about the four days that President Bush and the First Lady spent in Tanzania, I pointed out that besides the MCC compact, the visit had made my work in the U.S. easier. Normally, I would begin my presentations about Tanzania in the U.S. by telling my audience where Tanzania was in the world. Thanks to President Bush and the First Lady, I do not have to do that anymore.

When I arrived at Washington's Dulles Airport two days ago from Tanzania, the Customs and Border Protection officer who processed my entry welcomed me with a great smile. Absolutely, President Bush's visit was a success. He certainly knew where Tanzania was.

At the political level, the MCC compact for Tanzania -- the largest ever -- represents unprecedented political will to deepen and strengthen relations of friendship, trust and cooperation between Tanzania and the United States. The decision by the presidents of the two countries to sign the compact demonstrates and in Tanzania sends out a clear and strong message in that regard.

On President Bush's side, I'm sure this illustrates his satisfaction with and confidence in President Kikwete's leadership and commitment to good governance, to correct economic policies and to the welfare of its environment and people. And on President Kikwete's side, this illustrates his abiding commitment to ensure that Tanzania continues to merit this hand of friendship and support from the American people. It also marks his public commitment to ensure effective and efficient use of the MCC resources for the intended purpose.

At an economic level, this compact will contribute toward the wider efforts to unlock the economic potential of Tanzania. It will help to reduce production infrastructure costs so as to regularly make Tanzania more competitive. It will open up some of the most productive, yet inaccessible agricultural areas in southwestern Tanzania. And it will also help to integrate national markets and facilitate regional trade.

At the development level, this compact will help to get the economy growing faster than the 6 percent we've experienced over the last five years. It will help to provide better prices through improved access to markets for our farmers struggling to work their way out of poverty. The water projects will help Tanzania meet the Millennium development goals for access to safe water, as well as improve health and sanitation.

And at the bilateral level, the compact presents an important opportunity to expand and deepen cooperation between the two countries and a unique opportunity to enhance public-private partnership. This is not only in terms of the contracts which we hope American companies can bid for, and further do so jointly with Tanzanian companies, but also investments in the wider economy.

Increasingly, MCC compact eligibility is seen as a mark of confidence in the business environment of a country and hence a worthwhile investment destination. I welcome American investors, and I think they will indeed find that Tanzania is ready for business, as Ambassador Danilovich has so eloquently told us.

This compact, as I said, will have to address some of the infrastructure challenges that Tanzania faces and which are one of the formidable obstacles to faster economic growth. The MCC compact for Tanzania will be stating adversely the challenges that Ambassador Danilovich mentioned in terms of improving the inadequate, inefficient transport network. Over \$373 million will be spent on four trunk roads on Tanzania mainland, five rural roads on the island of Pemba, and upgrading Mafia airport to facilitate the growth of the tourism sector in that island.

The compact will also help to address an efficient, reliable electricity supply, and over \$206 million will be spent on boosting the power sector by the placing of a submarine cable from the mainland to Zanzibar and hence improving the island's power connectivity. The money will also be spent on the development of hydroelectric power for Kigoma Town and the rehabilitation of power distribution networks in six different regions. It will also help to address shortage of clean and safe water, and about \$66 million will be spent to improve water supply in Dar es Salaam and Morogoro.

(inaudible) resources are a welcome contribution in supporting our own efforts and those of other bilateral and multilateral partners in addressing the huge infrastructure challenges that Tanzania faces. We therefore welcome and encourage MCC's efforts to coordinate with those of other development partners and to encourage the American private sector to be more active in Tanzania and indeed across Africa.

The remaining challenges for Tanzania and the conducive environment we have created for private investment, as well as for public-private partnerships, offer many opportunities for American companies. We cannot build

a market economy, nationally or regionally, in Tanzania without the infrastructure to produce competitively and trade efficiently.

In 2000, an imperative valuation by the International Finance Corporation showed that unreliable and expensive electricity, high construction costs, high transportation costs and poor communications are the major impediments to Tanzania's external competitiveness. It has also been established that investments in these sectors have one of the highest economic rates of return in the country.

Tanzania, with an area of almost 365,000 square miles, has only 3,960 miles of paved roads. The State of California, less than half the sizes of Tanzania, has, I am told, over 15,000 miles of paved roads. You can see the challenge that we face in Tanzania.

In Tanzania only 11 percent of the people have access to electricity, and per capita annual power consumption is estimated at 62 kilowatts. U.S. per capita electricity use by state in 2005 showed that California has the lowest rate at 7,032. The rate is 115 times more than the per capita electricity consumption in Tanzania. With the District of Columbia, where we are, per capita electricity use in 2005 was 20,301 kilowatts, or 327.4 times the rate in Tanzania.

I could go on talking about the other sectors, but this should be enough to show you the magnitude of the work that remains to be done on Tanzania's infrastructure and opportunities that exist for private investment, for public-private partnerships, and for other innovative approaches that Tanzania is willing to consider.

Tanzania is grateful to the American people for the MCC compact, which blends in nicely with our efforts to engender high economic growth and fight poverty. The compact and its implementation have been fully directed into the Tanzania government's system with specific performance benchmarks agreed upon by the two sides. We believe that, based on our track record and political commitment shown, Tanzania is well placed and has the capacity to absorb the compact resources within the given timeframe of five years.

Lastly, we believe that the compact negotiation implementing process will make an important contribution in strengthening the capacity of implementing agencies and their staff. This compact has given Tanzania a lot of hope for the future. I know there are many still good people who think of Africa in terms of desperation and hopelessness, but there are African countries that are showing the way to a better future for the continent. We need to pay more attention to them.

A proverb from the Sukuma people of Tanzania says, "I showed you the stars, but all you could see was the tip of my finger." As we celebrate Tanzania's MCC compact, let us focus on the stars, not on the top of the finger. I thank you for your time and attention.

[APPLAUSE]

HAYES: Thank you, Ambassadors.

I think that the ambassador has given in a very brief time an extraordinary picture of the scope of work to be done, the availability of work to be done, and there just simply is a lot of opportunity. And, of course, the question is how do we take advantage of that opportunity? And that's the issues that we're trying to work on today and in the long term in the future.

As the planners with MCC and ourselves, we were looking at having the private sector speak to this, and which we are about to have, but as we started to talk to our companies, quite frankly, we discovered that there aren't a lot of American companies on the ground, producing in Tanzania. Frankly, I can honestly say I dealt personally with over 20 companies, working at finding out what's happening, and really, it's sad, as some of the statistics the ambassador has given.

We need to get American companies engaged far more, not simply with Tanzania, but into Africa. And that's a major challenge for our own organization, the MCC and many others, and should be of any other political administration.

In that regard, then, we looked at, "OK, who should be speaking?" And we found in terms of Wallace Ford, an exceptional person whose company represents Tanzania, who is on the ground with staff looking to get businesses and who, as many of us know, is very closely aligned with the Sullivan Foundation, which is doing an extraordinary event this June that I hope as many of us as possible can support, and that's taking businesses and others to Tanzania in June. So I hope that this will be a first step towards that summit by the Sullivan Foundation, as well as ongoing work to be done to get Americans involved in Tanzania at a far greater extent than they are.

Wallace Ford is the president and chief operating officer of GoodWorks International. I saw that he is only the second president of GoodWorks, Carl Masters being the first, and he represents, I think, a new way of looking into the future, as any new president should.

Prior to joining GoodWorks, Wallace Ford served as principal and founder of FordWorks Associates, a consulting firm in New York. He is a graduate of Dartmouth and Harvard's law school, and he worked on Wall Street as an investment banker. He was also involved in city and state New York politics, and he served as the New York City Commissioner of Ports and Trade in the Dinkins administration. He also served under a new mayor, Mario Cuomo, in the governor's administration also. He's a member of the faculty of the School of International and Public Affairs at Columbia University and is quite an asset for GoodWorks.

Wallace?

[APPLAUSE]



FORD: Thank you very much, and good afternoon, Ambassador Danilovich and Ambassador Sefue and all of our guests and colleagues. It's a pleasure to be here today, and I'm going to try to take a "remember back" to my days when I was a student in that Harvard Law School. And I can't remember the name of the professor, but he did give some very good advice. He said, "When you have time to make a presentation, tell people what you're going to say, say it, tell them what you said, and sit down." So I'm going to try to do just that.

I really wanted to talk just for a few minutes about Tanzania from the perspective of the private sector, as Steve has mentioned, and tell you a little bit of background about our involvement, GoodWorks International in Tanzania, and what we know and what we have seen. And as I mentioned to a couple of colleagues, we have an ability to provide some real time information with respect to business affairs and the business environment in Tanzania, since I was just on the phone with the head of our office in Dar es Salaam at 12:30 today.

So I think not a lot has changed in the last three hours, so we're pretty up to date at this point, and we're going to give you some perspective on the future, as we see it and as things may be going forward. And while every prognostication is doomed to be partially wrong, certainly, we think that there's a lot of information that we need to share and be aware of as we look to Tanzania as being really part of the new face of Africa and really one of the harbingers of some of the good news that we continue to expect to see coming from the continent.

Now, one of the things, having been involved in economic development activity on the governmental side and having worked as a lawyer and investment banker working for various companies, when you're looking at the question of attracting business to any locale, any venue, any country, there is of course the notion that the representatives of that country -- let's say, in this particular instance -- is going to try to present the best information possible. Representatives are going to try and present the best information possible.

And, Mr. Ambassador, I want to thank you so much for your eloquent words in terms of what is going on in Tanzania and what will be happening in Tanzania as well.

But the best, if you'll pardon me for saying it, ambassador, if you will, or the best representative, the best business envoy, if you will, is going to be that businessman or businesswoman from abroad who comes to Tanzania and has a successful experience. And then they go and they tell their friends and colleagues and associates, and as that word spreads, success breeds success. And news of success brings about further success as well.

And so what we're going to try to do here this afternoon is just try to give you a perspective from the standpoint of GoodWorks International. Now, as Steve mentioned, GoodWorks has been involved for the last 11 years in business development in Africa. We have seven offices in six countries, including Dar es Salaam, where we've been for going on some two years now.

And what we can say for certain is that there is a commitment at the highest levels of government, beginning with President Kikwete, but not only the president, but also the various individuals whom I've had the good fortune to meet with during my most recent visit to Dar es Salaam, who clearly get the message. They get it.

They understand that indeed to be successful in the 21st century, a developing country with an emerging country is going to have to adhere to certain principles of transparency. They're going to have to deal with the notion of accountability within government.

And while no government and no organization is free from fraud and corruption and self-interest and conflicts of interest from time to time -- and certainly those of us here who are here in the United States understand that quite clearly, that whether we're talking about the United States or whether you're talking about France or England or anyplace else, there will be missteps from time to time, the question becomes, however, ladies and gentlemen, what happens when you're faced with those kinds of questions and those kinds of challenges. What does the government do? How does it handle these matters?

And what we saw just so very recently within the last 30 days in Tanzania -- and I spoke with the ambassador about this and said I thought it was important to make mention of this, and so I'm glad you saved those lines for me here today -- but during the last 30 days there was a certain inference of conflict of interest within the government in Tanzania. And the steps that President Kikwete took and the various parties in government were truly outstanding.

The prime minister resigned. The entire cabinet was dissolved, and a new cabinet structure was put together. A new prime minister was put together. And indeed, while there were no indictments, there were no arrests, there were no specific charges, it was the appearance, ladies and gentlemen. The appearance of impropriety was enough for the president to take these kinds of steps, so that indeed the principles of transparency, the principles of addressing corruption and fraud are straight up, straight in the eye, and saying, "Well, here we're going to make these changes right now today, and we're going to do so" -- and this is what's as important -- "in an orderly fashion." We're going to do so in a fashion that is going to keep consistent operations of government in place.

A lot of this took place within the week before President Bush came to Tanzania, and I would daresay that unless you were absolutely following every line and byline that was coming out of Tanzania, you probably didn't even know all of this was going on, which is a good thing, because it was really at the end of the day an internal matter.

But it's something that is, from a business standpoint, you say, "Well, here is a place and here is a government and here are people in government who are serious about addressing these concerns." And indeed, those concerns have been addressed for now, but also they've been addressed for the future as well, because it's clear that a precedent has been set on how to address these concerns, how to address these problems when they do arise.

And from the business standpoint, again, and from the standpoint of potential investors, from the standpoint of those of us who would be interested in pursuing business opportunities, it is good to know that there is an environment where the central government, as I said earlier, gets it, understands that the perception of the international business community of the global marketplace is important. It is as important as infrastructure concerns and as financial resource concerns in trying to create a salutary business environment.

And so what I wanted to say in conclusion, of course, at this point is that again, from our standpoint, where we're looking at and what we see in Tanzania is that there is this tremendous commitment on the part of the government to creating a salutary environment.

What we also see is that there are key areas of business opportunity in infrastructure, in agribusiness, in telecommunications -- certainly in financial services and in health care and in energy. There are tremendous opportunities in these areas, and the government is certainly moving forward to provide access for investors and for business people who are interested in pursuing these areas.

The MCC compact is going to certainly improve the opportunities for the kind of positive change, affirmative development, positive progress that needs to take place in Tanzania. And I am very confident in saying to all of you that these new resources that are going to be made available in Tanzania for business development and business development purposes are going to indeed engender further investment, further independent business activity as we go forward in the future, which, of course, is what the MCC is all about in the first place.

And so I want to certainly congratulate MCC for its efforts in this regard and certainly commit on the part of our company, if there is any way that we need to be cooperative and helpful and supportive not only in Tanzania, but certainly throughout Africa, we certainly intend to do so.

And certainly, Mr. Ambassador, I trust that when you give your report to President Kikwete, you'll tell him that we did our job here today.

[LAUGHTER]

But we certainly do believe that the future for Tanzania is so very bright, and it's certainly our pleasure, our privilege and our honor to play a role in that process. Thank you very much.

[APPLAUSE]

HAYES: Thank you, Wallace. Since you all recommend Tanzania probably first among almost any other African country as a place for investment now, I'm asked almost every day what are the countries that are relatively safe to invest in? There's no country, including the United States, that's safe to invest in unless you do your due diligence to begin with, but clearly Tanzania is doing all the things necessary to transform their country, transform their economy.

It's had a series of outstanding presidents from Julius Nyerere on, regardless of political philosophy, one that has been committed to the people of Tanzania. So we are very strongly behind Tanzania and hope that (inaudible) will begin to look at Tanzania as a place for investment, work with Wallace himself, many others, anybody that can help you, and begin to look at investment.

Now, with that, we're going to take a short break and then have a panel with a company that is on the ground and investing directly in the economy.

Thank you very much to both ambassadors. Thank you.

[APPLAUSE]

HARRINGTON: May I ask everyone to please take their seats?

OK. We're going to get started. There are plenty of seats now, unfortunately. It looks like we lost some of our colleagues, so those of you that didn't have seats before, please make yourselves comfortable.

My name is Maureen Harrington, and I am the vice president for policy and international relations here at the Millennium Challenge Corporation. I'm just delighted to start off the second session of our venture today to celebrate the signing of the compact with Tanzania.

But before we begin with the panel, I'd just wanted to take a very brief moment. There are a number of members of the MCC team that are here and that works very closely with the ambassador and his team from Tanzania. And I just wanted to acknowledge all of their hard work.

Oftentimes when the compact signing (inaudible), then there is much more of a chance to celebrate. And there are a lot of folks that are here with us today that really put their heart and soul into helping make this compact possible, and I just wanted to acknowledge their hard work.

I think many of you from the private sector, who have been involved in putting together a \$700 million infrastructure deal, know what it takes to make this sort of investment happen. So thanks to all of my colleagues at MCC.

The purpose of this panel, really, is to tell you a little bit more about the compact so you have a little bit more information about how perhaps you could piggyback off some of the investments that we're making and the opportunities that it will create for investment, but to also share the perspective of a firm that's been active in Tanzania for a little bit and just their experience of working in the country.

And then what we'd like to do is save the remainder of the time for Q&A for our panelists.

And so I'd like to begin by introducing Darius Mans. He is our vice president for compact implementation, so he's responsible for working with our country partners as they implement their compact. But prior to serving in that position, he was our managing director for Africa operation and so was very involved in leading the team that was working in partnership with our colleagues from Tanzania.

And then we also have with us today Mr. Syed Ahmed, who is the vice president for international marketing at MIC Industries. And I will let him tell you a little bit more about his firm.

So let's begin with Darius.

MAN: Good afternoon, ladies and gentlemen. My name is Darius Mans. I'm the vice president of compact implementation.

This is a great honor for me to finally see the baby being born. For many of you, you may know that for a long time Tanzania was quietly toiling, delivering a consistent record of good macroeconomic performance and delivering results on the ground for people. It was one of the best-kept secrets in Africa. Now, I guess the secret is out, judging by the attendance here.

I am especially happy that we have finally signed the Tanzania compact, because I have something of a long-term view of Tanzania. I lived in Tanzania in 1989, 1993, which I would describe as difficult days in Tanzania.

Just to give you a sense, when I first moved to Tanzania, I was sent to a hotel for six weeks on check-in at the four-star hotel -- now the Kempinski, for those of you have been to Dar es Salaam. I was given an allocation of one light bulb. They also took out a roll of toilet tissue, cut it in half and gave me half of it, and said, "For six weeks use those wisely."

[LAUGHTER]

Well, I can tell you today it is a very, very different place, very much open for business, as the ambassador has said. And certainly for us in MCC, it has been a tremendous opportunity, and we really would like to thank President Kikwete for the consistent leadership and commitment to success of the compact. We look forward to strengthening our partnership with Tanzania.

And again I'd like to acknowledge the ambassador's hard work in this and that cooperation at all levels with the government of Tanzania has been extremely important to getting us to this point and will become even more important as we face the challenge of implementation.

But on implementation I think we are off to a very good start in Tanzania. As you may know, the government back in September last year put together the accountable entity that will be the entity responsible for implementation of the Tanzania compact. It's called the MCA unit, MCA-Tanzania. It is a department within the ministry of finance that has now been staffed up with the people that will provide the kind of support needed during implementation.

Also during the early establishment of this MCA unit in Tanzania, we'd started a number of preparatory start-up activities under a nearly \$10 million pre-compact grant, where a number of activities had been put in place so that the compact, now that it's been signed, can move to the next phase of becoming effective so funds start to flow.

In addition to putting the senior management team in place, the MCA unit now has done the kind of staffing with very strong people, with procurement directors, with people responsible for each of the main projects under the compact, which, as the ambassador mentioned earlier, includes a major investment in the road sector of more than \$350 million, includes a major investment of more than \$200 million in the energy sector, as well as a more than \$60 million investment in the water sector -- so putting the directors for those projects in place, as well as the key staff for monetary evaluation, for procurement, for financial management.

We also now have a governing board for the MCA unit, which is comprised of seven representatives from the government of Tanzania, including two representatives from Zanzibar, because, as many of you may know, Zanzibar will be an important beneficiary under several key components of the compact, including roads and in energy.

In addition to the seven government representatives, there are four representatives from the private sector and from civil society. They have already begun to meet, providing strategic guidance to the MCA unit and making decisions on implementation of the overall compact program.

I am happy to say we also on our side within MCC have put our best foot forward and put on the ground a resident country director, Karl Fickenscher, and we also have a deputy resident country director, Matthew Kavanagh. Unfortunately, they are unable to be here today. They are there in Tanzania, already very hard at work in Dar es Salaam.

Together with their counterparts in the MCA-Tanzania unit, they are doing all of the hard work necessary to make sure that the compact has legs so that implementation can take place on the schedule that we have agreed with the government on. They, of course, participated in the compact signing with Presidents Bush and Kikwete, and I send their regards to all of you. I hope all of you, when you visit Tanzania, please do pay a visit to our offices there, as well as, of course, the MCA unit.

Just to give you a sense of the status of implementation, on many of these projects, we are well down the road, moving toward getting bids on the street. I would say by value about 72 percent of the total value of all of these infrastructure procurements already have detailed feasibility studies done. Final designs in a number of cases are done, and those that haven't are well under way.

Environmental studies, the studies that are being done on the social assessments that are required are also under way, with the hopes of getting bid documents out on the street as soon as the compact becomes effective.

This is building on a tremendous of success that MCC has had in its relationship with the government of Tanzania through its threshold program. Some of you may know we had an \$11 million threshold program which supported anti-corruption efforts in Tanzania, among them support for government, support for independent media, as well as civil society. This was a very successful program implemented in strong partnership with the government of Tanzania.

Just as one example, the procurement audits that were funded through the threshold program I think have been a notable success under the threshold program, and we hope that as this program concludes, the audits will be sustained by the government of Tanzania and by the broader donor community. Several are very interested in providing continued funding for these activities.

As you may know, as part of the threshold program, the government of Tanzania launched a financial intelligence unit. This FIU will be a very important tool in the fight against corruption more broadly and anti-money laundering. And we're hopeful that this institution, which got the mandates, will be able to carry out its program.

This is a complement to, as what the ambassador described earlier, the government's fight against corruption much more broadly, because as we all know, combating corruption is fundamental to economic development. And certainly, it's fundamental to continued eligibility for funding from the Millennium Challenge Corporation.

The compact in Tanzania was made in recognition of the government of Tanzania's achievements in three broad areas. The first is good governance. The second is free market economics. And the third is investments in people in health and education.

It's a five-year program -- this compact -- of shared responsibilities. One critical area where Tanzania has to continue to show progress is in the fight against corruption. President Bush, as you know, less than two weeks ago himself called attention to the importance of corruption. At the compact signing ceremony, he said, "I'll just be blunt about it. We don't want to give money to people who steal other people's money." It's very important to stay vigilant on the fight against corruption.

President Bush then went on to congratulate President Kikwete for his honesty and integrity and the steps that he has taken to address corruption. As we all know, no country is immune from corruption, but when allegations of corruption or the perceptions of corruption do arise, it's very important that the government take action to investigate these matters fully and fairly, to share the fruits of that investigation with the public, and very importantly, to aggressively pursue those responsible for betraying the public's trust.

Several weeks ago in response to reports of fraud and mismanagement at the Bank of Tanzania -- the central bank -- the president of Tanzania, President Kikwete, fired the governor of the central bank and ordered a prompt investigation of the irregularities that were uncovered.

The U.S. ambassador to Tanzania, Mark Green, publicly welcomed that announcement and declared it indicative of President Kikwete's resolve to combat corruption, which we have seen followed through in the very recent reports by the parliament in Tanzania.

As you may know, recently a report was submitted to parliament that raised questions about a public contract in the energy sector with a company called Richmond Development Corporation. Those allegations implicated the prime minister and other senior members of government, causing the prime minister and several other members of government to submit their resignations, as we heard earlier.

As a consequence, an entirely new cabinet has been formed, and President Kikwete and his new prime minister have committed themselves to take action on the recommendations of the parliamentary report. These actions, we believe, are also a demonstration that the president of Tanzania, the government of Tanzania is committed to reform and to greater openness and transparency in government.

For all of us in this room, the MCC compact is a historic achievement. As I said for me with a 20-year perspective on Tanzania, I remember the dark days and where we are now. But it also carries some very important responsibilities and requires a commitment, certainly on the part of the government of Tanzania, to maintain its performance against the indicators that we use in MCC.

But very importantly, in its efforts to strengthen the investment climate, to show not just MCC, but very importantly, the people of Tanzania, the business community at home and abroad, civil society more importantly, that Tanzania is determined to stay the course on good governance, on having free market economics and investing in its people.

I believe, and I know many of you share it -- those of you have worked on Tanzania -- that Tanzania's success to this point is very well deserved. We all know continued effort is needed in the areas that I described, including corruption. President Kikwete is certainly fully aware and committed to the need for continued reform, and he has demonstrated it through his recent actions that he is prepared to back this up through action, not just talk.

We at MCC certainly support him in his fight against corruption, and this compact investment, which I think offers enormous opportunities to the private sector in Tanzania, but also abroad, is, I think, a demonstration of that commitment.

One final thought I will leave with you is everyone should be aware that we have made compact investments in a number of countries in that region. We have a compact of more than \$500 million in the neighboring country of Mozambique, focused on the water sector, on energy, especially up in the northern parts of Mozambique, which are bordering with Tanzania.

Some of the investments under the compact in Tanzania, in fact, are in the southern part of Tanzania near the border with Mozambique.



Malawi was recently declared eligible for compact funding. We are now putting together a compact for the country of Malawi. There are many opportunities throughout the region in all of these countries. I urge you all to take a look at them and take advantage of them.

Thank you very much.

[APPLAUSE]

AHMED: My name is Syed Ahmed. I'd like to start by congratulating the Millennium Corporation and the ambassador on the signing of this remarkable product. And then I'd like to assure Mr. Mans that now there are quite a few bulbs and lots of toilet paper, and the mattresses are very good.

[LAUGHTER]

But truly the facilities are wonderful, as good as in any other country.

Just to give you a brief idea, our company, MIC Industries, had started business in Africa in 1983. And my first trip to that continent was to Ethiopia. And since then we have gone and done business in many parts of the continent.

To give you a direction of what we do, our technology basically addresses one of the most critical elements of development in the developing country, which is infrastructure. And what we have developed, invented is the solution to the most important two items in the building of infrastructure, which is cost and time.

Our company has created a construction method by which it can put up buildings for all kinds of applications like schools, clinics, agriculture facilities, very rapidly and at a very low cost. We have supplied this technology now to more than 65 countries around the world.

We started working in Tanzania three years ago. We have shipped our technology there, and we are starting the first training phase, where they will start to use this for construction of housing, and we are working currently on projects to build local schools.

You may have heard about the idea of building roads and facilities in the Millennium program. The roads have to lead to good schools. There are few short-year schools in the country. So we hope that our contribution of taking this technology, which truly is a transfer of technology, of giving them tools to build themselves infrastructure, would help in the development of the country.

From what I have seen during my (inaudible) to Tanzania, and having visited many other countries, I have come back very impressed with the opportunities and the environment in which new ideas can be brought into the country.

One of the reasons why the country stands out very much from the other neighboring countries is the educational standard. The level of education I found in Tanzania was a very good, very high professional group of people that we got a chance to work with. There's a great deal of pride in the Tanzanians, and therefore it makes it very difficult for companies to go out there and offer projects, like we heard some stories, which are not feasible.

We have found in the government ministries people are very careful in how they assess the project's viability, how it will help the people in the country. The opportunities are tremendous: road construction, which is part of this new project; all kinds of transportation -- there are very limited facilities available; urban construction in urban developing cities.

They have a lot of potential for hotels. People want to go and develop health in the tourism sector, which is truly a very great area of the country.

We have launched one project in participation with a local group, which is for export promotions loan. The government's new policy is to encourage local and foreign owned industrial companies to come and take advantage of the good quality and low cost labor available in the country and to produce all kinds of goods, which can be export oriented.

The project has been taken forward, and financing has been brought in, which will allow companies who are looking for places to produce goods to go and start work fairly quickly, a very good project which we feel offers good opportunities to companies.

The country is open to lots of new ideas technology related. So people who have good technologies and good ideas I think would find that a really receptive country, where people are willing to listen to new projects.

So basically, we have experiences which have been very positive, and we're looking forward to being in that country for many years to come. Thank you.

[APPLAUSE]

HARRINGTON: Thank you to both of you.

What I'd like to do right now is open up the floor for questions. I think we have a roving mike somewhere, so if you just want to raise your hand, and we'll get started.

Right here. Greg?

(UNKNOWN): (inaudible)

HARRINGTON: That may actually be a better question for the ambassador, if you don't mind, sir. Sorry.

SEFUE: Yes, I'd like to confirm that the parliament team actually came up with a number of recommendations -- I think more than 10 recommendations. And the new prime minister undertook to work on all those recommendations and to report to parliament within three months.

HARRINGTON: The next question's right here.

(UNKNOWN): (inaudible)

MANS: Yes. The question -- I'm sure everybody heard it -- will public-private partnerships feature into the compact. Yes, prominently so. In the road we are looking to -- and the government's already, I think, taken an important step to improve funding of maintenance, getting the private sector to be involved in it. In the energy sector, we are looking to getting the private sector involved as well.

HARRINGTON: I think it's important to keep in mind that there are opportunities, as Darius is mentioning, what's inside the compact, but there are also, and we hope, opportunities that are being created simply because of the infrastructure that we're building.

So because of the roads that we're helping to finance, because of the energy that's going to be provided, because of the water and sanitation that's going to be made available, hopefully what that will do is make Tanzania a better place for you to do business so that quite apart from -- not necessarily linked to our program, but just making the business environment that much better and building on all those good efforts that the ambassador told us about earlier.

Over here?

(UNKNOWN): (inaudible) International. This question is for Mr. Mans.

You talk about the structure of the (inaudible). Traditionally, I think you have in other countries just independent agencies. You already elaborated about that, and also in relation to the procurement agent. (inaudible) talk about a procurement agent, but you (inaudible) if there is like in other countries that you should have an independent agent like a (inaudible) or internal procurement agent in (inaudible).

MANS: OK. In Tanzania in compacts we have the usual structure, an MCA unit, which is the accountable entity. Within the accountable entity, there are directors. Some are focused on the project, so a project director for energy, a project director for roads. We also typically in an MCA entity have a procurement director and also a chief financial officer, a finance director, if you will.

In addition, in many of our compacts there are fiscal agents and procurement agents, as well as the MCA unit. In the particular case of Tanzania -- this formulation varies by country -- but in the particular case of Tanzania, the fiscal agent role is being carried out within the government itself. The procurement agent is a combination. It depends on the particular sector. I'm looking at my colleagues, because it varies by sector.

Let's take each one. TANROADS for roads will be carrying out the procurement. In the case of the energy sector, energy will be carried out by TANESCO, which is the power authority within Tanzania. In the case of the water sector, this will be an independent procurement agency. The procurement of that agent is under way.

HARRINGTON: And if I could just add, it all sounds very complicated, and some ways it is, but the bottom line is that we ask our country partners to have one accountable entity, so that even though there may be various players involved in procurements, there's going to be one place that bidders can go to understand what the opportunities are. So hopefully, it will seem more seamless to you than it sounds.

But all of the procurement opportunities will be listed on the MCA-Tanzania Web site, and there are links to all of the procurements on our Web site at [www.mcc.gov](http://www.mcc.gov). So we try to make it as easy as possible for firms to know how they can be part of the competition to help the Tanzanian government to build this infrastructure.

Do we have some other questions over here?

(UNKNOWN): I'm Carl Schab (ph). I'm with Care Group (ph). And this is directed more to the ambassador. Maybe the MCC can comment on this.

We're a distributor for Nissan, Ford and Weingarber (ph) in Africa with dealerships in Uganda and Mozambique. And right now we don't use the port at Dar es Salaam. We prefer to go to Durban and Mombasa to get to each containment province and Zambia.

And I just want to get some comments on the ambassador what might be done to improve Dar, because of all the infrastructure development that's going on into Tanzania. I'm sure we'd ship a lot of our freight through there, if we could get some improvements on logistics on the ground there. Thank you.

SEFUE: Thank you very much.

I think there are two aspects to your question. One is the question of Dar es Salaam port itself, but also the capacity of the road. And it's very natural to check the containers, for instance, out of Dar es Salaam.

Now, the problem we get in Dar es Salaam is basically one of congestion, and it's because the containers are not being moved up country or to the region as fast as we should. So there is a lot of work going on with the railroads. It has been concessioned to a private-public operator, and they are going to work on the railway itself and to increase the number of wagons. And so that should help to reduce the congestion at the port.

But also there are negotiations between the government and the container terminal operator to see how they could also improve their performance. So there are a number of initiatives that have been taken to improve performance at the port of Dar es Salaam.

And as you know, geographically Tanzania would really be the ideal port, as you say, for one, the Burundi, Congo, Eastern Congo, Zambia and Malawi. And the fact that some cargo still passes through Durban and Mombasa really reflects the problems that we have at the port, but we are working on those.

Thank you.

HAYES: Just to Mr. Ahmed. (inaudible) it wasn't for your company to get into business in Tanzania, how do you see MCC as being able to really make a difference to others getting into business in Tanzania?

AHMED: Yes, no. We found the whole starting point, the effort very easy. It wasn't difficult at all. As I said, the government is very receptive. If you come up with some good ideas, the people at all levels are very interested in new ideas, new technologies. And our starting point was with the embassy and the former ambassador, Barado (ph), who initiated our business by coming to visit and see what we were doing, introduced us to various sectors.

And going out there, setting up the new projects -- basically simple, similar steps with little difficulties, but generally I think we found people very receptive. The fact that you can go and travel and stay -- hotels are comfortable -- makes it very easy for companies to go out and venture and try new things. So it's a very enjoyable experience, in fact.

HARRINGTON: Other questions? (inaudible)

(UNKNOWN): Hi. I'm Penelope Harper (ph) from A2DI Boca (ph), and I actually have a question actually from our field staff that are currently in Arusha and Tanga. And they were very excited about the compact being signed, and we've all taken a look at the compact since it's been on MCC's Web site. And the question really has more to do with current level work in agribusiness.

And the way that the compact has, I guess, been explained has been mainly in transportation, energy and infrastructure, which obviously are all very important to agriculture and mariculture (ph) that we work in, but we're really interested as more programs and currently staff in the field are -- what role can we play?

You mentioned something about 72 percent of the funds are already allocated to certain programs or projects that there have been studies on, but I guess could we just get a little bit better clarification exactly how the funding works through?

MANS: Sure. Thank you. What I mentioned is very important as we go through the compact development process with all of these projects to have a very clear definition of exactly what it is that we're going to finance, and the feasibility of these investments.

During the compact development process, some of you may know we started out with a full list of projects that totaled more than \$1.2 billion when we started the compact development process -- and my Tanzanian friends remember very well.

And so we had to go through a process of prioritizing to find the investments that would complement things that are already under way by government with its own funding, what other donors are doing, what the private sector is bringing to the table, as well as the NGOs. And of secondary importance, making sure that these investments make economic and financial sense.

And so we went through this process to narrow this down from a starting point of more than \$1 billion to the compact proposal that you have seen on the Web site, which is about \$700 million. And in each case I know the government through an extensive process of consultation in country with civil society, including the private sector, including NGOs, to be sure that these indeed were the priority investments that would complement what others are doing and would really make a difference.

And just to give you some examples, on the road side -- let's just take the mainland -- a major investment that is taking place on the mainland trunk roads -- and since you are working on the ground in Tanzania, let me just tell you that there are three of them.

The Mtwara Corridor is one of the major investments that we will be funding. In addition, there's Tunduma-Sumbawanga Road -- very important for Tanzania. To be sure to unlock the growth potential in that part of the country, the key missing piece is roads. Roads will be essential for the big push they want to make on agriculture, commercialization of agriculture.

The third major trunk road is the Tanga-Horohoro Road, a major investment where, again, detailed designs have been done, the feasibility studies have been done so that we can quickly move to, say, the procurements, getting bid documents, procurement out on the street so that the rehabilitation work can begin and we can start to see these benefits. And companies like yours can leverage these investments.

HARRINGTON: And I would just add.

Oh, please, yes.

SEFUE: Let me just add that the road projects were selected because of their contribution to the growth of the agriculture sector. The longest road is the one from Tunduma to Sumbawanga.

Now, that part of Tanzania is one of the most fertile corners of Tanzania -- very productive -- but we have had cases where there were shortage of, let's say, corn in Dar es Salaam, and they had surplus there in Sumbawanga, but it's cheaper to import it from, let's say, South Africa than to bring it up from Sumbawanga. And the reason is that the road was so bad.

So the farmers would have liked -- you know, last year's crops field surged, and then they have another crop, and then the prices go down, and so the only way to help those people is to open up the road and make sure that their crop can easily get to Dar es Salaam.

Likewise, the road to the south, going towards Malawi -- again, that's a very productive area. But again, the road was really bad. And the road from Tanga to Horohoro -- you know we export a lot of food from Tanga to Kenya, and so that road again will open up the market for the farmers in Tanga.

So one of the reasons these roads were picked is their contribution to unlocking the agricultural potential of some corners of Tanzania. Thank you.

HARRINGTON: Are there other questions?

Actually, you need to be on because of the video.

(UNKNOWN): You mentioned that there would be environmental impact assessments done as part of the launching process of all these projects. I'm wondering if there's going to be any ongoing environmental monitoring of these projects, because there are a lot of obviously very major infrastructure projects that are going to have impact, especially like the energy projects and things like that.

MANS: Sure. And in several of our projects, the environmental studies that are done are done for projects that we believe will have some environmental risks that have to be carefully managed during implementation of the program. Consequently, we give them the highest category -- Category A -- where full, detailed environmental studies have to be done.

As part of those studies, what we are looking for really is an environmental management and risk mitigation plan, a specific action plan that has to be monitored over time -- what steps that will be taken throughout implementation to be sure that all of these environmental risks are first of all managed in the design, but during implementation that we are not creating environmental problems during implementation of these programs.

And in several of these cases, the environmental management plans are being developed. And once they are, those environmental management plans will be put out there for everyone to see and be able to see the progress that's being made.

HARRINGTON: Other questions?

Right over here.

(UNKNOWN): Hello. John Manning (ph) from Cheese Nip (ph) International. I'd like to ask are there any plans for MCC to collaborate with USAID and other U.S. government agencies on implementing projects, and if so, are you able to speak about what kind of collaboration that would be?

MANS: Yes, we actually are working very, very closely in Tanzania specifically with USAID. USAID, you may know, has been implementing the threshold program with Tanzania for several years now. In a number of coun-

tries, we have been working very closely with USAID not just on threshold programs, but in working on actual investment projects under the compact.

Let me just give you one example. In the case of Ghana, for those of you who know anything about the program there, we have a major effort where we've worked very closely with USAID -- USAID piloted approach to improve the commercialization of non-traditional export agriculture and scaling that up in a way that builds on the lessons from USAID's experience, but then also supplement it by putting in the infrastructure investment needed for farmers from end to end, from the farm gate all the way to the port, to increase exports of non-traditional horticulture products. So we're working very closely with them in a number of countries. That's just one example.

HARRINGTON: And I would just add to that by saying that I think MCC is really just one tool that the U.S. government has to help promote private sector development in the countries that we're working in partnership with. There are others, such as the Overseas Private Investment Corporation that can make available, set finance or political risk insurance, if that's something that your company needs in order to make a decision to invest in Tanzania.

There is the TDA, the Trade and Development Agency, that can provide financing, if you're interested in looking at one of our country partners that you need finance for a feasibility study. TDA can consider those sorts of opportunities.

And then there's also the Commerce Department, which has a lot of resources in our embassies on the ground that can help you to better understand the local business climate. So there are all sorts of opportunities and other sort of tools that the U.S. government has to help your investment to succeed, and we'd be happy to provide more information on any of those.

Other questions? Going once? Great. Well, thank you, everyone, for coming. We really appreciate having this opportunity to share with all of you the opportunities that are being created under the compact with Tanzania.

And special thanks to our colleagues from Tanzania who are here. We're glad to have this opportunity to share their success. Thank you very much.

[APPLAUSE]