



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

FINAL STATUS REPORT



Tanzania Compact

AS OF JUNE 2014

COMPACT GOAL

The five-year, \$698 million compact will stimulate economic growth, increase household incomes, and raise the quality of life in program areas through targeted infrastructure investments in transportation, energy and water. MCC is committed to reporting results and is funding evaluations to assess the full extent of impacts that can be attributed to MCC programs. These evaluations will be posted on www.mcc.gov as they become available.



COMPACT AT A GLANCE

Compact Signed	02-17-2008
Entry Into Force	09-17-2008
Compact End Date	09-17-2013
Compact Total	\$698,135,998
Amount Committed	\$694,545,914
Amount Expended	\$694,545,914
Estimated Program Beneficiaries	5,425,013
Estimated Increase in Household Income	\$1,336,000,000

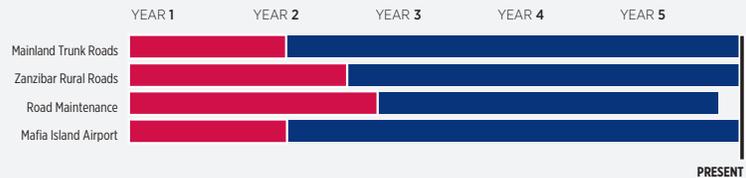
% OF TOTAL COMPACT	BUDGET (USD MILLIONS)
58%	Transport Sector Project \$405.4
29%	Energy Sector Project \$199.4
8%	Water Sector Project \$54.5
4%	Program Administration And Control \$30.4
1%	Monitoring And Evaluation \$8.2

■ Project Preparation ■ Project Implementation

Transport Sector Project

PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ¹
\$405,402,512	\$405,402,512	\$405,402,512

Increase cash crop revenue and tourism by paving and upgrading of more than 435 kilometers (km) of trunk roads on the mainland; upgrading Mafia Island Airport; paving and upgrading 35 km of rural roads on Pemba Island; and providing support to enhance Tanzania's capacity to maintain its road network and improve road safety.



Projected Long-Term Results (Up to 20 years)

ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME
1,624,552	\$427,000,000
	20-year projected benefits are based on the best, currently available, information and may be updated if new, more reliable, data becomes available.

PROJECTED RESULTS BY END OF COMPACT

Pave and improve 435 km of high-traffic roads on Tanzania's mainland; pave and improve 35 km of rural roads on Pemba Island; and pave 1.4 km of airport runway with associated site improvements for the Mafia Island Airport. Establish additional road maintenance capabilities on the mainland and in Zanzibar.

PROGRESS TO DATE

The Mafia Island Airport runway was completed in August 2013. Five of the six mainland road segments have been completed and taken over. The remaining mainland road segment of Laela-Sumbawanga still requires substantial work and will be completed using Government of Tanzania funds. All 35 km of the Pemba rural roads are substantially complete and were formally taken over in early 2014.

PROJECT ACHIEVEMENTS

In collaboration with MCC and other donors, the Government of Tanzania established a new National Road Safety Policy approved by the cabinet in 2009. The road maintenance sub-activity improved road maintenance capacity on the Mainland through the provision of maintenance monitoring equipment and in Zanzibar through the sharing of software and experience from TANROADS.

Energy Sector Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ^f						
	\$199,461,627	\$199,461,627	\$199,461,627						
<p>Increase economic activity by improving electricity service through several activities: installing a 100 MW submarine transmission cable from the mainland to Zanzibar; constructing approximately 2,700 kilometers of distribution lines in seven regions, and upgrading substation infrastructure; providing solar photovoltaic systems in Kigoma; providing technical assistance.</p>									
	<p>Projected Long-Term Results (Up to 20 years)</p> <table border="1"> <thead> <tr> <th style="background-color: #e0e0e0;">ESTIMATED BENEFICIARIES</th> <th style="background-color: #e0e0e0;">ESTIMATED INCREASE IN HOUSEHOLD INCOME</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1,483,975</td> <td style="text-align: center;">\$934,000,000</td> </tr> </tbody> </table> <p>20-year projected benefits are based on the best, currently available, information and may be updated if new, more reliable, data becomes available.</p>						ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME	1,483,975
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1,483,975	\$934,000,000								
	<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Increase in the quantity of electricity sold and number of connected customers by the end of the project in seven regions on the mainland and Zanzibar; and a 15 percent reduction in the frequency and duration of power outages. Demonstrations of solar power applications in rural areas. Progress towards the establishment of a utility regulator on Zanzibar.</p>	<p>PROGRESS TO DATE</p> <p>Works on the Zanzibar interconnector cable, associated substations, and overhead lines were completed; the cable entered into service in April 2013. All 27 substation sites have been taken over and all distribution and extension lines have been electrified. The photovoltaic installations were completed in Kigoma. A feasibility study for Malagarasi hydropower plant was completed in 2012.</p>	<p>PROJECT ACHIEVEMENTS</p> <p>The Government passed a new Electricity Act in 2008 to update 75-year old legislation, fulfilling a compact requirement. New provisions have created a more conducive environment for private sector participation and investment. The Zanzibar government instituted the first tranche of an 85 percent tariff hike June 2012 and the second tranche took effect in October 2013.</p>						

Water Sector Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ^f						
	\$54,568,652	\$54,568,652	\$54,568,652						
<p>Increase human and physical capital and reduce the prevalence of water-related diseases by expanding the capacity of the Lower Ruvu Water Treatment Plant from 180 to 270 million liters per day; rehabilitating water intake and water treatment plants, and improving the existing distribution network in the city of Morogoro.</p>									
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2,801,856	\$113,000,000								
	<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Increase the number of household and commercial water connections; increase the treated water supply by 7 million liters per day in Morogoro by December 2013 and by an additional 6 million liters per day by March 2014; and increase water production capacity by 90 million liters per day at the Lower Ruvu Water Treatment Plant servicing Dar es Salaam. The latter will be realized with the completion of a separately funded transmission main upgrade.</p>	<p>PROGRESS TO DATE</p> <p>Construction contracts for the expansion of the Lower Ruvu Water Treatment Plant and rehabilitation/expansion of the Morogoro water supply system were signed in late 2010 and early 2011, respectively. The Lower Ruvu WTP expansion has been accepted. The works at Morogoro are 95% complete and producing increased flows. MCA-Tanzania has utilized contingency funds to upgrade the Morogoro water utility's revenue collection system and fleet of meters.</p>	<p>PROJECT ACHIEVEMENTS</p> <p>The works at the Lower Ruvu Water Treatment Plant are complete. The construction of the Morogoro Mambogo Water Treatment Plant is 95% complete and increased water is being produced at Mafiga. All works not completed by Compact End Date are being funded by the Government of Tanzania.</p>						

The cancellation of the Malagarasi hydropower activity due to environmental concerns, resulted in the following alternative activities: 1) conducting a feasibility study for a 41 MW hydropower plant (completed); 2) rehabilitating sections of the Kigoma transmission and distribution network; and 3) instituting a solar photovoltaic program for public, business and household sectors in Kigoma and Kasulu. Total contract commitments for the Transport Sector Project are listed higher than the project costs as of March 2012 due to an accounting timing difference that arose when allocating funding contributions of both MCC and Government of Tanzania. If there were no timing difference, the correct contract commitment figure as of March 2012 is \$363,865,273. The timing difference will be addressed for the quarter ending June 2012.

^fExpenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.