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Tanzania: Roads, Electricity and Water Supply

Tanzania Compact Overview

The Millennium Challenge Corporation and the Government of Tanzania signed a five-year, \$698.1 million compact in 2008 to reduce poverty through economic growth. The Tanzanian government collaborated with key stakeholders—including representatives from local government, members of parliament, the private sector, and nongovernmental organizations—to identify priorities for MCC investments and specific constraints to economic growth. As a result of this process and in accordance with Tanzania’s National Strategy for Growth and Reduction of Poverty, the Government of Tanzania chose investments in the transport, energy and water sectors. The individual objectives for each of the three compact projects were:

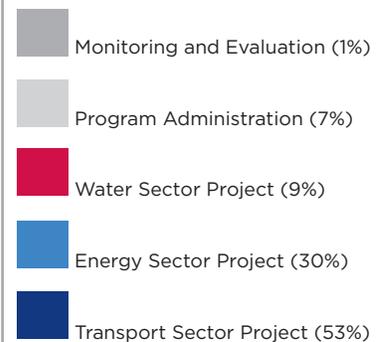
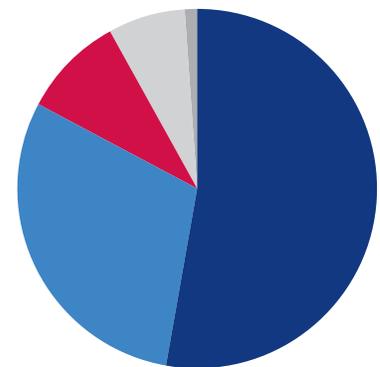
- ★ **Transport Sector Project:** to increase cash crop revenue and aggregate visitor spending.
- ★ **Energy Sector Project:** to increase economic activity and improve access to electricity.
- ★ **Water Sector Project:** to increase investment in human and physical capital and reduce the prevalence of water-related diseases.

Summary Of Expected Outcomes

- ★ Improve approximately 430 kilometers of high-traffic roads on the mainland and an estimated 35 kilometers of rural roads on Pemba Island and improve the Mafia Island Airport facility.
- ★ Increase the transmission capacity of the electricity grid in seven regions in mainland Tanzania and on Zanzibar.
- ★ Increase the water supply in Dar es Salaam by 90 million liters per day and in Morogoro by 10 million liters per day.

Tanzania Compact at a Glance

Signed Feb. 17, 2008
 Entry into Force..... Sep. 17, 2008
 Compact End Date.. Sep. 17, 2013
 Compact Total \$698,136,000



Transport Sector Project

The \$386 million Transport Sector Project addresses necessary improvements to Tanzania's road networks, which serve a widely dispersed population, by investing in infrastructure to reduce transport costs, increase cash crop revenue and facilitate access to social services. This project is also upgrading the Mafia Island Airport to increase tourism and business potential on the island and enhancing Tanzania's capacity to maintain the road networks and improve road safety. Over the next 20 years, estimated household income is projected to increase by \$427 million as a result of these activities.

Project Activity	Outputs to Date	Expected Outcomes
Mainland Roads Activity	68 kilometers of Tanga-Horohoro road upgraded and safety barriers installed; 11 bridges and 6 walkways built; 224 kilometers of Tunduma-Sumbawanga road upgraded; 139 kilometers of Mtwara Corridor upgraded	Reduced transportation costs and travel time; Increased traffic volume; Increased access to commerce and community services; Increased revenue from cash crops and other trade
Zanzibar Rural Roads Activity	5 rural roads (34.7 kilometers) upgraded on Pemba	Reduced transportation costs and travel time; Increased traffic volume; Increased cash crop revenue
Road Maintenance Fund	Acquired new road maintenance equipment and software for routine and period maintenance planning	Improved capacity within the Tanzania National Roads Agency to plan and implement cost-effective paving and overlay projects; Improved capacity within the Ministry of Infrastructure and Communication and the Zanzibar Roads Fund Board to plan, fund and implement road maintenance
Mafia Island Airport Upgrading Activity	1.6 kilometers of runway and taxiway upgraded to asphalt concrete	Initial 10 percent increase in visitors post-compact followed by 6 percent annual visitor growth rate; Increases in employment on the island, travel safety and efficiency, aggregate spending by Mafia Island visitors, number of airlines servicing the airport and airport tax revenue



Pedestrian traffic moves along the Tanga–Horohoro trunk road in northeastern Tanzania. The highway, which reaches to the Kenya border, was recently completed as part of the Transport Sector Project.

Energy Sector Project

The \$205 million Energy Sector Project was designed to raise Tanzania's electrification rate—which was about 10 percent at the time of compact signing, among the lowest in the world. The project funded the installation of a new 100-megawatt submarine transmission cable connecting Zanzibar to the mainland's electrical grid, the construction of approximately 2,700 kilometers of transmission and distribution lines in seven regions, the upgrading of substation infrastructure, the development of a feasibility study and designs for a potential 45-megawatt hydropower plant on the Malagarasi River in Kigoma Region, and the installation of photovoltaic systems in Kigoma. The project also provided technical assistance in the areas of implementation and procurement to the Tanzania Electric Supply Company Limited (TANESCO) and the Zanzibar Electricity Corporation. Over the next 20 years, estimated household income is projected to increase by \$934 million as a result of these activities.

Project Activity	Outputs to Date	Expected Outcomes
Zanzibar Interconnector Activity	Three substations upgraded; 37 kilometers of transmission lines installed; 100-megawatt submarine transmission cable installed	Increased number of domestic, commercial and industrial customers; Improved service delivery quality; Reduction in duration and frequency of power outages; Increased quantity of electricity sold; Reductions in consumption of other energy sources (e.g., batteries, kerosene and diesel)
Kigoma Distribution Activity	Solar power implemented in 14 health centers and 116 dispensaries (including 130 vaccine refrigerators), 45 secondary schools, 25 village markets, and 50 fishing facilities	Increased number of customers served by installations; Improved quality of service delivery, duration of power availability and quantity of solar electricity sold; Reductions in non-solar electricity consumption; Reduction in use of other energy sources (e.g., batteries, kerosene and diesel)
Distribution Systems Rehabilitation and Extension Activity	Increased power reliability and quality in households and healthcare facilities; Increased number of power customers; Increased value to businesses	Increased domestic, commercial and industrial customers; Improved quality of service delivered; Reduced duration and frequency of power outages per customer; Increased quantity of electricity sold; Reduced consumption of other energy sources (e.g., batteries, kerosene and diesel)



Yahaya Juma helps to construct a new electrical sub-station in Zanzibar, Tanzania.

Water Sector Project

The \$63 million Water Sector Project was designed to address Tanzania's severe lack of access to potable water. The project expanded the capacity of the Lower Ruvu Water Treatment Plant serving the Dar es Salaam area. The project also funded improvements to the existing distribution network in the city of Morogoro and built implementation and maintenance capacity within the Dar es Salaam Water and Sewerage Authority (DAWASA). These activities will help increase business growth and productivity by increasing human and physical capital that would otherwise be lost due to the high incidence of water-related diseases. Over the next 20 years, estimated household income is projected to increase by \$113 million as a result of these activities.

Project Activity	Outputs to Date	Expected Outcomes
Lower Ruvu Plant Expansion Activity	Plant capacity expanded from 180 million liters per day in 2008 to about 270 million liters per day in 2014; Raw water system, treatment system, power and controls system, and solid handling facility constructed	Reduced prevalence of water-related diseases; Increased investment in physical and human capital, per-capita water consumption, and number of households and businesses using improved water sources
Non-Revenue Water	Leaks and losses assessed; Private operator procured to implement the non-revenue water reduction program	DAWASA systems efficiencies improved via reduction in leaks and commercial losses
Morogoro Water Supply	Mambogo water intake and water treatment plant rehabilitated; Capacity expanded from approximately 23 million liters per day in 2008 to 33 million liters per day in 2013; Water transfer system and Mafiga water treatment plant facilities improved	Increase in number of household and commercial water connections and per capita consumption; Improved water quality to meet World Health Organization standards; Enhanced financial sustainability of the Morogoro Water and Sewerage Authority

Principles Into Practice: Policy Reform

MCC investments seek to address barriers to growth and sustain significantly increased levels of income for beneficiaries long after compact programs end. To achieve this goal, the compact is implemented in tandem with a broader development strategy. During the compact development process, MCC and the Government of Tanzania examined conditions surrounding the proposed compact investments and developed a plan for policy reform that would maximize compact impact and sustainability. The Government of Tanzania succeeded in making crucial policy changes before funding was released and continued with others to improve its operating and policy environment during the compact. These policy reforms ultimately support the conditions necessary for continued growth and investment in Tanzania. Key policy reform achievements and sector operational improvements are highlighted below:

Transport Sector Project

- ★ Increased road maintenance expenditures to ensure that the road network can meet the increasing demand for transportation services.
- ★ Approved the National Road Safety Policy to consolidate the efforts to improve road safety through

creation of a board that influences several stakeholders (such as police, drivers, road agencies, and communities) who must be involved to make the roads safer.

Energy Sector Project

- ★ Passed the Electricity Act, replacing 75-year old legislation and improving sector governance and planning. The Government of Tanzania has initiated a process of expanding on this legislation to improve the business environment for small power producers and liberalize the country's energy sector.
- ★ Implemented significant tariff adjustments to support electricity utilities' movement towards financial self-sufficiency in order to help ensure the sustainability of the country's power infrastructure and its expansion.
- ★ Reorganized the Tanzania Electric Supply Company Limited Board of Directors to include independent, professional members and private sector representation, in line with international best practices.
- ★ Passed legislation that created a new, independent Zanzibar utility regulator to facilitate adequate and appropriate ratemaking for the island's utility systems.

Water Sector Project

- ★ Implemented tariff reforms in the Dar es Salaam Water and Sewerage Authority area of responsibility to further the movement toward financial self-sufficiency and a broader area of service.
- ★ Tariff reform implemented in the Morogoro Urban Water Supply and Sanitation Authority area of responsibility to advance the utility's ability to invest in their capital.

Insight Into Implementation

During the implementation process, MCC and the Millennium Challenge Account-Tanzania compiled key lessons regarding best practices for compact implementation; reallocation, re-scoping and restructuring of funds; and coordination with the broader development community.

Key Lessons

- ★ MCC and/or MCA-Tanzania often wanted to enforce or encourage action on the part of a contractor but found that the existing tools and options within MCC's standard bidding documents were limited. Ultimately, a supervising engineer could issue a stop-work order to a contractor to force contractual compliance, but given the fixed five-year time period for compact implementation and the general need for steady project progress, both engineers and MCC/MCA-Tanzania were sometimes hesitant to take this action. There is a need for a greater variety of more flexible tools to incentivize good industry practices without putting timely completion at risk. Both positive and negative incentive tools could be built into the standard bidding documents. For example, specific liquidated damages provisions could be included and applied in the event of inadequate compliance with environmental, health and safety requirements. Potential bonus payments could be allowed for implementation of exemplary health and

safety measures. Additional positive and negative performance payments could be built in to encourage timely completion of works.

- ★ The Transport Sector Project was implemented in several different regions on the mainland and on Pemba and Mafia islands, and the broad distances required extra staff to oversee the program. MCA-Tanzania decided to add a program management consultant to assist in the oversight of the projects. This enabled MCA-Tanzania to bring expertise that would address the numerous challenges associated with the large and complex projects undertaken with unfamiliar requirements.
- ★ Promoting policy reform is a key focus for MCC to help ensure the sustainability of its investments and maximize its goal of reducing poverty through economic growth. MCC often uses compact precedents in order to ensure that key policy reforms are implemented. Such compact precedents should be carefully crafted, however, to take into account the often sporadic and shifting timelines inherent in the highly political nature of policy reform. Clear, time-bound compact precedents are sometimes required as milestones to measure key policy reforms, but at other times more flexible language could be more appropriate. The goal in the latter case would be to facilitate a substantive discussion between MCC and partner country counterparts on the appropriate speed and direction of particular reforms, without automatically locking MCC into an all or nothing course of action. In addition, it is recommended that compact precedents for particular policy reform should be specifically tied to compact activities that support such policy reforms to the extent possible.
- ★ Monitoring and evaluation results are only as good as the baseline data that inform them, and existing data may not be of the standard needed or desired to make adequately informed decisions. Therefore, extra time is needed to ensure the accuracy of the baseline information, as well as the appropriateness of the data as it relates to compact projects. Ideally such issues are identified and addressed at the due diligence phase of compact development. Monitoring and evaluation becomes even more important during compact implementation, however, and should be a part of all conversations with contractors and implementing parties from the outset of program planning. Absent this coordination data quality can suffer greatly.

Reallocation, Re-Scoping and Restructuring

- ★ The Transport Sector Project experienced significant cost and schedule changes, though these did not amount to a formal re-scoping or restructuring. One result was the need for additional funding to complete all of the road improvements proposed by the Government of Tanzania. Part of the additional funding was provided through a reallocation from other projects, but these amounts were not sufficient to complete all planned work. The Government of Tanzania met this challenge by committing to provide additional funding of approximately \$132 million.
- ★ In December 2009, the Malagrasí Hydropower Activity under the Energy Sector Project was canceled following an environmental analysis of the proposed site. Although MCC carried out high-level environmental screening and due diligence on the proposed hydropower scheme during compact development, a full and final environmental analysis could not be completed until project feasibility and design studies were underway during the second year of the compact. It was this final environmental analysis that uncovered a prior study that reported the discovery of at least one new and unique species. Further analysis funded by MCC with due diligence funds concluded that the activity would create a significant environmental hazard, even with the inclusion of mitigation measures. As a result, MCC and MCA-Tanzania canceled the original Malagrasí hydropower investment in 2009. The cancellation of the project resulted in the following alternative activities: conducting a feasibility study for a

45-megawatt hydropower plant, rehabilitating sections of the Kigoma distribution network and a solar power investment program to bring electricity to homes and institutions in and around Kigoma.

- ★ The Non-Revenue Water Activity under the Water Sector Project was significantly re-scoped. At compact signing the Non-Revenue Water Activity was largely undefined and required a significant amount of definition before any actions could be taken. Once defined, the activity was well-suited as a solution to reduce non-revenue water (water in a system that is lost and does not reach the customer) in Dar es Salaam; however, an economic rate of return was required, and after thorough consultations with the water donor community and affected utility, it was not possible to devise a program that met the minimum economic rate of return in the period remaining. MCA-Tanzania was able to develop a significant footing for future non-revenue water efforts in Dar es Salaam with the completion of the most comprehensive study to date of non-revenue water causes and remedies.

Coordination in the Development Community

Close coordination with other international donors and development agencies is critical to the success of MCC compacts. Coordination saves time and money, avoids costly duplication and unsuccessful approaches, minimizes transaction costs for partner countries, and leverages MCC investments by enabling co-funding, complementary programs and use of joint structures.

Coordinating With Other U.S. Government Agencies

Careful coordination of U.S. Government assistance helps MCC better serve the U.S. taxpayer and its partner countries. The Tanzania Compact was implemented by MCC in close coordination with other U.S. Government agencies and departments in Tanzania (such as USAID and the State Department) as an integral part of the U.S. Embassy country team.

There were several specific efforts to integrate MCC and USAID programs. As part of MCC's efforts to mitigate environmental risks associated with the Mainland Trunk Roads Activity, MCA-Tanzania entered into an agreement with an international NGO to boost the capacity of local communities in the care of their local environment by supporting two wildlife management authorities in the Songea area. This activity deliberately built on the prior success of a larger, ongoing USAID grant program to support other wildlife management authorities throughout the country.

MCC and USAID collaborated even more closely by using compact funds to supplement HIV/AIDS mitigation and prevention programs funded by USAID. By combining MCC funding with USAID funding in the same programs, administrative costs were kept to a minimum and a much greater portion of the available budget went directly into prevention and mitigation activities.

Coordinating With International Donors And Development Agencies

MCC is committed to working with other donors and international institutions to leverage resources and expertise in alleviating global poverty and creating opportunities for long-term growth. During compact development, MCC and the Government of Tanzania worked with the Transport Sector Development Partner Group to identify key bottlenecks in the transport network and put MCC's compact funds in those areas.

Also during compact development, MCC and the Government of Tanzania coordinated with other donors to ensure that MCC's investment complemented other funding and planning for the water and energy sectors. The Tanzania Compact was implemented with support from a variety of additional development partners including Germany, France, Sweden, Japan, and the European Union, as well as multilateral institutions such as the World Bank, the International Monetary Fund and the African Development Bank.

Sustainability Of Impacts

In order to ensure that Tanzanians continue to benefit from MCC investments in the long run, the compact is equipped with measures to ensure sustainability. MCC and MCA-Tanzania worked together to assess and mitigate compact-specific obstacles to social and institutional sustainability.

Social Sustainability

MCC is committed to ensuring that projects designed to reduce poverty for many do not cause additional hardship for some. MCC works with partner countries to ensure that those whose livelihoods have been affected by projects—including those who have no recognizable legal right or claim to the land that they are occupying—are compensated fairly, transparently and in a manner that seeks to improve or at least restore their livelihood to pre-displacement levels. With more than 16,000 people affected by the Energy Sector Project and more than 5,000 affected by the Transport Sector Project, the Tanzania Compact is the largest resettlement program MCC has overseen to date.

In addition, the compact was designed to address social sustainability through inclusive design, programs to manage social risks of development (like HIV/AIDS awareness and prevention programs) and gender and social integration. To manage risks associated with HIV/AIDS, all public works contracts included provisions for HIV/AIDS awareness and prevention programs aimed at reducing the risk of the transmission of HIV between and among contractor personnel and the local community, promoting early diagnosis and assisting affected individuals.

MCA-Tanzania developed an innovative national Gender Integration Program (GIP) directly linked to the Government of Tanzania's national policy frameworks that emphasize empowerment of men and women of all ages to fully participate in the development process and remove gender bias in access to resources, participation in decision making and ownership of property. The compact's GIP aimed at assisting skill-based groups in the compact program area. Across Tanzania about 150 such groups—comprising about 1,000 members, two-thirds of whom are women—have received training through the GIP.

Institutional Sustainability

Throughout the compact, the Government of Tanzania demonstrated a commitment to institutional reform to support sustainability. Each of the three compact projects was accompanied by complementary policy reforms designed to maximize and institutionalize impact. Where relevant, compact activities included a capacity-building objective intended to increase human capital and equip Tanzanians with additional knowledge and technical expertise to maintain, manage or enhance compact achievements.

The Tanzanian electricity utility undertook a cost-of-service tariff study that it used in its rate applications that it submitted to the new utility regulator. The Tanzanian and Zanzibari governments negotiated in good faith to establish a new contract for additional energy supplies. The road agencies on the mainland

and in Zanzibar cooperated in the expansion of the maintenance planning capacity through technical exchanges involving new software acquired through the compact. Both the Dar es Salaam Water and Sewerage Authority and the Morogoro Urban Water Supply and Sanitation Authority undertook tariff reform to ensure adequate funding for maintenance and expansion.

MCC Core Principles

MCC's mandate is to reduce poverty through economic growth by partnering with countries committed to good governance, economic freedom and investment in their citizens. As a result, the Tanzania Compact was developed, implemented and evaluated with attention to MCC's core principles: good governance, country ownership, transparency, and a focus on results.

Good Governance

Good governance is a critical component of promoting economic growth. Policies that respect the rule of law, protect civil liberties and fight corruption help lay the foundation for a society to thrive. Tanzania's commitment to good governance, civil liberties, control of corruption, and other critical factors was essential for compact success. During the compact development process, MCA-Tanzania and MCC looked closely at the policy and institutional environment to assess areas that might limit investment impact and sustainability. As a result, appropriate policy and institutional reforms were built into the compact to ensure full realization of investment benefits. President Jakaya Kikwete played a key role in exploring ways to foster private sector engagement to maximize MCC investments and provided strong leadership during the processes of compact signing, compact completion and qualification for a subsequent compact. MCA-Tanzania, led by CEO Bernard Mchomvu, successfully implemented the compact projects and managed the related contracts.

Country Ownership

Development investments are more effective and sustainable when they reflect countries' own priorities and strengthen governments' accountability to their citizens. The Government of Tanzania exercised ownership when, in close consultation with citizens and civil society, it took the lead in setting priorities for MCC investments and implementing compact projects. Ongoing consultations with key stakeholders and representatives from underrepresented groups supported the country-led development approach. Further demonstrating country ownership, the Government of Tanzania committed to provide \$132 million to complement MCC funds and ensure completion of all works.

Transparency

MCC operates at the forefront of transparency for effective aid delivery. Transparency is important because it empowers citizens to hold their government and donors accountable for how development resources are used and what results they achieve. MCA-Tanzania was consistent in pursuing the objectives agreed upon in the compact agreement and was a responsive and transparent partner.

MCA-Tanzania conducted its procurements in accordance with the MCC Program Procurement Guidelines (MCC PPG). The MCC PPG has four core principles (open, fair, transparent, and competitive)

which guide the entire procurement process inclusive of planning, solicitation, award, and administration for goods, works, consultant services, and non-consultant services. For example, all requests for proposals were advertised both in the local print newspapers and on prominent portals such as Development Gateway and the United Nations Development Business websites, as well as local sites such as the Government of Tanzania's official procurement site. The bids were reviewed by an independent body for cost-reasonableness and technical quality, and there was an established appeal process in the event a disputed contract award. Final awards with relevant contract information were posted on MCA-Tanzania's website. This level of transparency not only allows for a fair and transparent process, but ensures that awards are issued to qualified consultants and contractors that are paid no more than a reasonable price for performance.

Additionally, MCA-Tanzania implemented best practices with regard to fiscal accountability. Fiscal accountability audits were conducted on a semi-annual basis until 2012 and then on an annual basis by an external, independent auditor certified by the U.S. Government's Office of the Inspector General (OIG). The approved OIG audits are available to the public on the MCA-Tanzania website along with the Fiscal Accountability Plan detailing the MCA-Tanzania operating procedures.

Focus On Results

Across its entire investment portfolio, MCC's results are collected, measured and reported throughout the lifecycle of a compact and in the post-compact period. Monitoring and evaluation starts at compact development, with the creation of a formal monitoring and evaluation plan and an indicator tracking table that provides a historical record of monitoring data over the life of the compact. Data collection and analysis continues during compact implementation, and independent post-compact performance and impact evaluations are carried out to measure long-term effects of MCC investments. As much as possible, the data collection process for the Tanzania Compact occurred in coordination with existing national initiatives including the Water Sector Development Program performance monitoring framework and the Government of Tanzania's National Strategy for Growth and Reduction of Poverty monitoring plans for the mainland and Zanzibar. The Government of Tanzania remains committed to maintaining a focus on results and sustaining compact achievements through improved infrastructure, workforce capacity and policy reform.

Monitoring Activities

As with all MCC compacts, monitoring of the Tanzania Compact was carried out using the best available data to assess four elements of the compact: impact on direct beneficiaries' income, achievement of objectives, intermediate and projected compact outcomes, and timely delivery of compact-related goods and services. Data quality reviews were conducted intermittently by independent third parties to verify data consistency and quality.

Performance Evaluation Activities

The Tanzania Compact was assessed through ongoing evaluations, and selected project activities will undergo final independent performance evaluations to address questions pertinent to program design, management and operational decisions such as what the project achieved, how it was implemented and how it was perceived and valued.

Planned Performance Evaluations	
Activity (Project)	Expected Dissemination of Performance Evaluation Results
Kigoma Solar (Energy Sector Project)	2015
Zanzibar Cable (Energy Sector Project)	2015
Mafia Island (Transport Sector Project)	2015
Gender Integration Program (Other)	2013
Mainland Trunk Roads (Transport Sector Project)	TBD

Independent Impact Evaluation Activities

MCC funds independent impact evaluations to answer the fundamental question of whether an MCC compact investment was successful in raising income levels for Tanzanian program beneficiaries in a cost-effective way. These evaluations are conducted upon program completion and generally take at least one year to execute. While monitoring and evaluation plans help identify results during implementation and signal whether programs are on track to meet their goals, only impact evaluation results can confirm income gains attributable to MCC investments.

Planned Impact Evaluations	
Activity (Project)	Expected Dissemination of Impact Evaluation Results
Transmission and Distribution Lines with Financing Scheme Pilot (Energy Sector Project)	2015
Lower Ruvu and Morogoro (Water Sector Project)	2016
Pemba Rural Roads (Transport Sector Project)	TBD

Mainland Success Story: **Neema Mloka**

Neema Mloka, a 37-year-old Dodoma resident, is excited to tear down her house.

Because of MCC compact activities, Mloka will soon have enough savings to demolish her current house and build an updated home with improved amenities. She plans to replace the existing thatch and mud structure with a sturdier corrugated metal roof and concrete brick walls.

Mloka says the renovated home, once complete, will be a symbol of a brighter future.

Six years ago, Mloka joined the Jitegemee Farmers' Cooperative. As a member of the cooperative, she received MCC-funded training on organization, agricultural practices and finances. Since then, her income has risen significantly, allowing her to spend more money on projects to improve her quality of life.

The Gender Integration Program, implemented as a measure to ensure the compact's social sustainability, provided training to the cooperative's 11 women and three men. The members, who currently manage 15 hectares of sunflowers and 10 hectares of wheat, believe working together maximizes their economic potential and are working towards purchasing a collective wheat mill to serve farmers in the surrounding area and generate even more income.

"Life is better ever since we began working together...We share ideas and advise each other...This way, if someone gets an idea on how to best save and spend money, it can help all of us. And it has helped all of us."

Neema Mloka



Joining a farmers' cooperative has allowed Neema Mloka to start construction of a new house.

Zanzibar Success Story:

Adam Jussa Adam and Mustafa Mohamed Shindand

Adam Jussa Adam was working in his small shop in Zanzibar's Stone Town when the blackout occurred. He believed the outage would be like countless ones before; power would be out for an hour or so before returning. He could then continue selling drinks and food to customers. That was December 10, 2009. Power wouldn't return for three months. The price of fuel for generators soared beyond his budget, and he was eventually forced to throw out his entire inventory of food.

"It ruined my business," he said. "It hurt the entire island."

A few shops away, Mustafa Mohamed Shindand runs a small business that sells perfume and clothing. His livelihood is also threatened due to the poor power supply on Zanzibar. He often worries that the erratic power supply will destroy his computer, which he uses for accounting and inventory tracking. Although he cannot afford to lose revenue, Shindand has no choice but to close his shop early when a blackout strikes.

The state-owned Zanzibar Electricity Corporation has about 126,000 customers and reaches about 80 percent of the island's population. However, current demand can peak at 56 megawatts, surpassing its capacity and causing rolling blackouts. The Tanzania Compact financed the installation of a 100-megawatt submarine transmission cable that connects the island of Zanzibar to the mainland's electric grid. The project included the installation of a new control station and switchyard and 22 kilometers of distribution lines on the island.



A roadside kiosk in Stone Town, Zanzibar similar to those run by Adam Jussa Adam and Mustafa Mohamed Shindand

"[The 2009-10 Zanzibar blackout] ruined my business... it hurt the entire island."

Adam Jussa Adam

"When I read about the [MCC Energy Sector Project] in a newspaper; I became hopeful...When I get electricity, my life will be better."

Mustafa Mohamed Shindand

After MCC's investments, the island's electric utility will be able to provide 100 megawatts of capacity that can be expanded to handle up to 250,000 customers.

That was welcome news for Adam and Shindand.

"When I read about the project in a newspaper, I became hopeful," Shindand said. "Every day, I pray to God that I get electricity. When I get electricity, my life will be better."