

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF FINANCE AND ECONOMIC AFFAIRS**



**MILLENNIUM CHALLENGE ACCOUNT – TANZANIA**

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**Signing of the Works Contract for the Tanga-Horohoro Road Project**

Today the 22<sup>nd</sup> of December 2009 the Millennium Challenge Account-Tanzania (MCA-T) has signed the first works contract with Sinohydro Corporation Ltd from China worth TZS 69.9 billion (approximately USD53.8 million) to upgrade the Tanga–Horohoro Road (65km) to bitumen standard. This is the first major works contract to be signed since the signing of the \$698.1 million grant extended by the USA Government through the Millennium Challenge Corporation (MCC). President George W. Bush and President Jakaya Mrisho Kikwete signed the grant Agreement on the 17<sup>th</sup> February 2008. It is a five years development package designed to undertake projects impacting on poverty eradication. Covered sectors are transport, energy and water.

According to the MCA-T Chief Executive Officer, Mr. Bernard Mchomvu, “Sinohydro Corporation Ltd has won the works tender through a competitive bidding which commenced with the pre-qualification process involving firms from Africa, America, Asia, Middle East and Europe.” The desire of MCA-T is to see to it that work on the ground starts latest by early 2010, but the actual date will depend on the mobilization period that may be needed. Based on the engineering works analysis, it is estimated that construction work will take 27 months to complete. At the same time, more than TZS 2.7 billion has been paid as compensation for the people affected by the Tanga-Horohoro Road Project.

Upon completion, the road will stimulate economic activities, including agricultural production, improve access of the people to basic social services and also will enhance the exploitation of tourist potentials in Tanga Region. It is important also to note that this link will give an efficient connection between our two countries of Tanzania and Kenya. We expect to bring about rapid growth of more serious business opportunities between our two nations for the benefit of the people. No doubt, the major challenge to Tanzania is the urgent need to improve the harbor of Tanga so as to take advantage of this important link for an expanded trade and other economic activities between Tanga and Mombasa. Through data available from a due diligence study undertaken some three years ago, it is projected that the 65 km road will benefit about 6.5 million people of Tanga, Coast and Dar es Salaam Regions.

We have confidence that the Sinohydro has the capacity to undertake the assignment timely and as per specifications. All needed supervisory machinery is in place. In addition to TANROADS as the MCA-T implementing entity, we also have a Consulting firm to give the supervision on site. M/s International Consultants and Technocrats Pvt. Ltd of India is the Works Supervising Consultancy firm and is doing this in association with Inter-CONSULT Ltd of Tanzania.

On the other hand, we have other packages which are at advanced stages towards the bidding for works phase. These are Songea-Namtumbo and the Laela-Sumbawanga roads. For the Zanzibar new Cable Project bidding documents are already with the potential bidders. This is same with the Energy Sub-stations covering the six Regions of Mbeya, Iringa, Dodoma, Morogoro, Tanga and Mwanza. It is our desire to see to it that most of the Compact projects considered free from any serious environmental concerns are implemented as quickly as possible. For sure, the year 2010 will see more construction activities in the country.

In conclusion, on behalf of the Tanzania Government I would like to express our much gratitude to the American people and in particular MCC for extending its valuable support and technical assistance to MCA-T from the time the Tanzania Compact package got the MCC approval to this day when we are signing our maiden works contract.



*Mr. Bernard Mchomvu, MCA-T Chief Executive Officer and Mr. Qin Chao, Regional Director of Sinohydro Corporation Ltd, East African Branch signing a works contract for the Tanga-Horohoro Road Project at MCA-T Office on 22<sup>nd</sup> December 2009.*