

**OPENING STATEMENT BY THE CHIEF EXECUTIVE OFFICER, MILLENNIUM
CHALLENGE ACCOUNT - TANZANIA,
MR BERNARD S. MCHOMVU,
ON THE OCCASION OF SIGNING
OF A CONTRACT FOR CONSTRUCTION OF A NEW 100MW SUBMARINE CABLE
FINANCED BY THE
GOVERNMENT OF THE UNITED STATES OF AMERICA THROUGH THE
MILLENNIUM CHALLENGE CORPORATION.**

30th APRIL 2010

**Your Excellency, President of Zanzibar and Chairman of the Revolutionary
Council; Hon. Amani Abeid Karume,**

Hon. Shamsi Vuai Nahodha, Chief Minister, Zanzibar Revolutionary Government

**Hon. Alfonso E. Lenhardt Ambassador of the United States of America to the
United Republic of Tanzania;**

**Hon. Mansoor Yussuf Himid, Minister for Water, Construction, Energy and Lands
– Zanzibar**

**Hon. Dr. Mwinyihaji Makame, Minister of State (President's Office) responsible for
Finance and Economic Affairs**

Hon. Ministers

Regional Commissioners

Board Members to the MCA-T Board

**Karl Fickenscher, MCC Resident Country Director and Board Member to the MCA-
T Board,**

Mathew Kavanagh, MCC Deputy Resident Country Director.

Himesh Dhungel, MCC Director of Infrastructure (Energy)

Mr. Mohammed Hashim, ZECO Board Chairman

Mr. William Mhando, Acting TANESCO Managing Director

Mr. Hassan Ali Mbarouk, Acting ZECO General Manager

Mr Tetsuji Ohno—Senior Manager VISCAS and Authorized Representative

Mr Ollie Brogan, Senior Manager. ESBI Dublin

Mr John Ashley, ESBI Team Leader in Tanzania

Distinguished Guests

Ladies and Gentlemen;

Your Excellency,

First of all, on behalf of MCA-T, I would like to take this opportunity to thank all for having been able to attend to this important milestone in the Compact implementation history. Secondly, allow me your Excellency to thank you for the great honor that you have decided to accord to the Zanzibar Cable Interconnector works contract signing ceremony. Your noble decision to attend in person this signing event between MCA-T and VISCAS means a lot to us. The message we are getting from your presence is that you attach a lot of importance to this project and as such you demand from us a fast implementation of the project.

In a special way, allow me also to take this opportunity to thank the American Ambassador who is also here in person to witness this signing ceremony. To both MCA-T and the MCC Resident Mission, we don't take this great gesture for granted. Indeed, it is a challenge to our measured performance. It is also a genuine reflection on the extent to which the two of you attach to the Cable project as a realistic way of giving a reliable source of energy to the people of Zanzibar.

For sure, we are all fascinated and moved by the choice of the signing venue and we have all the reasons to be proud in the way the Government of Zanzibar has taken the Compact package as an important vehicle for economic growth and poverty reduction. It is due to this that most of the Compact tied conditions precedent have been sorted out including the recent signing of the Power Purchase Agreement between TANESCO and ZECO. In this area, the main remaining issue as of now is the determination of an appropriate rate that allows our two institutions to be economically viable, a process which is ongoing. We are happy to report that all applicable institutions in Zanzibar have always been very supportive and this made our coordination work very easy. Our much

gratitude goes to the three MCA-T Board members representing Zanzibar who have done all to make sure that they attend to all Board meetings.

For the Cable project, both ZECO and TANESCO have always maintained open, honest and genuine discussions between the two, including the fundamental asset of cherishing a compromising attitude and this did a great good to speed up the process. No doubt, it was not all the time smooth, but it was part of the process to get us to where we are today.,

Mr. President, what we are signing today is a product of great team work efforts involving many people from Tanzania, the USA, Ireland and the Bidders. It is important to state here that the path taken to realize today's works signing milestone was a painful process that began in October 2008 with the engagement of an Energy Sector Projects Consulting Engineer M/S ESBI Engineering and Facility Management Limited of Ireland to undertake all vital background assignments which included technical surveys, data collection and other technical studies including the development of both bidding and contract documents.

For the purpose of record I am glad to say that the said Tender documents were completed and advertised in October 2009. Thereafter, the tender documents were taken by the potential bidders, worked upon and after the allowed time the documents were submitted in March 2010 for evaluation as per the MCC guiding Guidelines. Following the completion of both Technical and financial evaluations, the award process was completed this April 2010 ready for signing today.

I must also say here that we had a very able evaluation team made up of both local and foreign nationals and to the best of my knowledge it did a very good job. But I must also admit that in a war, it is not easy for each battalion to easily accept defeat and this is part of the challenges when doing big procurements as the ones we are doing. The best we can do is to follow the set procedures, standards and the maintenance of total fairness. We always strive to make sure that whatever is decided upon as the way forward has a credible explanation.

It is with this background that I humbly wish to thank and congratulate all parties who were involved in the entire process and who made it possible for today's event. Special congratulations go to the winning firm Ms VISCAS for having come out as the winner. This is not because the other firms were less capable, but simply because the winning firm did make the correct combination of the fighting guns when it came to the Cable project. It is due to this that I would like to thank all firms which decided to participate in the bidding process. In total we had some thirty firms which did register for the Cable Project. However, at the evaluation stage we had only three firms which had managed to submit their respective bids on the closing date.

On the other hand, we all remember that the Government of the United Republic of Tanzania entered into the Compact Agreement with the Government of the United States of America in Feb 2008 with a single purpose to address poverty reduction issues through economic development and growth. Through the Millennium Challenge Corporation ("MCC") the USA Government extended to Tanzania a grant of approximately 698 million USD. The money has to be all spent over a period of five years. With all good economic reasons, Tanzania decided to use the money to finance the implementation of critical infrastructure projects in the country covering three sectors as follows;

- a. **The Transport sector projects**---- consisting of four distinct activities, namely the Mainland Trunk Roads Activity, the Zanzibar Rural Roads Activity, the Road Maintenance Activity and the Mafia Island Airport Activity.

- b. **The Energy Sector Projects**----- consisting of three distinct activities, the Zanzibar Interconnector Activity, the Malagarasi Hydropower and Kigoma Distribution Activity, and the Distribution Systems Rehabilitation and Extension Activity covering Mbeya, Iringa, Dodoma, Morogoro, Tanga and Mwanza..

- c. **The Water Sector Projects**---- consisting of three distinct activities, namely, the Lower Ruvu Plant Expansion Activity, the Non-Revenue Water Activity and the Morogoro Water Supply Activity

Your Excellency, Under the Zanzibar Interconnector Activity we have three components of the project; the submarine cable, the Overhead lines and the Substations. We are here today to sign a contract for the Submarine cable component. The rest will follow but they are less complicated than what we have to do under the cable component.

Your Excellency, It is also important to appreciate that by nature, infrastructure projects take long to complete all vital ground works before the start of actual implementation works. The process to realize any major infrastructure development package has limited options for shortcuts. We do appreciate that given our burning desire to have the power YESTERDAY, it may be seen by many that we have taken too long to get where we are today. Yes, it has taken long, but the choice was not there if we are to do things right.

Mr. President, the contract for construction of the submarine cable will cost USD \$ 28,210,400. Based on the agreed work plan we believe that all the works involved will be completed and commissioned in December 2012. This will include both the Substations and the overhead lines components of the Project.

Your Excellency, on behalf of the management of MCA-T, I would like to thank the Millennium Challenge Corporation for the good and solid cooperation and the adopted team work spirit extended to us. This does not mean that we have always agreed on everything, but for sure, at the end of the day we have always been able to come out with what we called ours. We have worked together to make sure that the consulting Engineer for the energy Project; M/s ESBI Engineering and Facility Management Ltd of Ireland delivers as per Agreement. Same with other various parties involved in making sure that this day becomes a reality. It is with this that I wish to extend my appreciation on the roles played by the many parties especially Government Ministries, ZECO, TANESCO, ZDoE, NEMC, and the great dedication of our Government valuers.

The Shehas also did a highly commendable work as we were struggling with those deserving compensation in Zanzibar. To all, I say thank you for the good work and devotion.

Mr. President allow me also to use this opportunity to give a short summary as to when we expect to have signed all works contracts for all other projects covered under the Compact. This is vital as people would like to know as to when each project is expected to start and as to when they can start to harvest. Based on our work plans, we are confident that all works contracts for all projects without environmental problems will be signed before October 2010. As a matter of fact, by August this year we will have very little remaining. All construction works will be completed by early 2013. Having said this, the project by project summary is as follows;

	PROJECT	PROJECTED WORKS CONTRACT SIGNING	EXPECTED PROJECT COMPLETION DATE
TRANSPORTATION			
1.	Tanga – Horohoro	December 2009(Done)	May 2012
2.	Tunduma - Ikana	May/June 2010 (signing)	May 2012
3.	Ikana – Laela	May/June 2010 (signing)	May 2012
4.	Laela- Sumbawanga	29 th Apr 2010 (signed)	December 2012
5.	Peramiho -Mbinga	May/June 2010 (signing)	July 2012
6.	Namtumbo – Songea	May 2010 (signing)	July 2012
7.	Pemba Roads	September 2010(signing)	March 2012
8.	Mafia Airport	January 2011(construction)	July 2012
ENERGY			
1.	Zanzibar Interconnector submarine cable	April 30 th , 2010- contract signing	October 2012
2.	Zanzibar Interconnector overhead lines	to be decided later as it is not a critical item	October 2012
3.	Zanzibar Interconnector	May 2010-contract	September 2012

	Distribution substations Rehabilitation and extension	signing	
4.	Distribution Network Rehabilitation and extension	July 2010—contract signing	August 2012
5	Malagarasi Hydropower project	Suspended by MCC-a new package is being reviewed by MCC	suspended
WATER			
1.	Lower Ruvu plant expansion	July 2010 (signing)	May 2012
2.	Rehabilitation of Morogoro Water Supply	July 2010 (signing)	May 2012
3.	Non- Revenue water	July 2010 (signing)	May 2012

Your Excellency, On behalf of the Millennium Challenge Account Tanzania, once again, I would like to end by expressing our much gratitude to the Government and People of the United States of America for the great support that has enabled us to get where we are today. As realistic people, this is a continuation of our two countries brotherly relations existing over several decades or since independence and now being translated into such big programmes like the Compact. We believe that this is the beginning of bigger things for the benefit of the Tanzania people in terms of poverty reduction and towards a sustainable economic growth.

On the other hand, for sure the honor you have given us cannot be expressed in words, but it suffices to say that current and future generations will treasure your great resolve to solve most of the economic hold-ups facing the people of Zanzibar including the provision for a reliable source of energy supply.

In conclusion, our much gratitude , Mr. President for this rare invitation to the State House.