



MILLENNIUM
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MCC opens the way for two American companies to do business in Tanzania

The lack of reliable power is a major constraint to economic growth in Tanzania. Fewer than one in five households are connected to the electrical grid, which experiences frequent blackouts and power surges. This creates negative effects throughout society: an unreliable electricity source stifles economic activity and can dissuade potential investors, and school performance slumps because many students can't study after sundown. But where many might see challenges, two American companies see opportunity.



MCC CEO Daniel W. Yohannes (far right) tours Symbion Power's power plant in Dar es Salaam, Tanzania with Secretary of State and Chair of the MCC Board of Directors Hillary Rodham Clinton and Symbion Power CEO Paul Hinks (right).

Symbion Power of Washington, D.C., and Pike Electric of Mount Airy, North Carolina, competitively won contracts valued at \$47.7 million and \$17.9 million respectively in September 2010 as part of the Millennium Challenge Corporation (MCC) compact with the Government of Tanzania.

MCC's five-year, \$698 million compact with Tanzania primarily targets the African nation's poor infrastructure, including \$206 million in the Energy Sector Project to rehabilitate and expand the nation's power grid. This project is improving electricity availability and quality through the addition of a 100-megawatt submarine electric transmission cable from mainland Tanzania to Zanzibar and the rehabilitation of about 3,000 kilometers of transmission and distribution lines in six regions. More than 1.5 million people are expected to benefit over 20 years, increasing incomes by an estimated \$934 million.

Reliable power supply contributes to poverty reduction

A reliable power supply is a prerequisite to business investment, both local and international. A reliable power grid allows businesses to spend less on generators and fuel, letting them focus on their core business of producing goods and services. MCC's investments are expected to result in a 15 percent reduction in the frequency and duration of power outages.

Connecting households to a reliable grid also creates environmental and social benefits. Generators spew diesel exhaust; many families burn kerosene, charcoal or other fossil fuels inside their home for cooking. Schools with reliable electric supplies can offer a more technology-focused curriculum, and students can spend more time studying at night.

Millennium Challenge Account-Tanzania, the compact's implementing organization, chose Symbion Power and Pike Electric through a competitive bidding process to install the power lines in six of the country's 26 regions. A joint venture between Symbion and Alstom Grid also won a \$45 million contract in August 2010 to rehabilitate and expand transmission and distribution substations.

Symbion and Pike expand their business in Tanzania

In addition to the MCC-funded work, Symbion has made more investments in Tanzania's power sector. In June, it purchased a 120-megawatt power plant that had been sitting idle for almost three years and put it into immediate production, adding much needed power to the national grid. The company has also contracted with the Government of Tanzania to provide another 200 megawatts of power, and the two sides are discussing other projects to provide even more electricity to feed into the national network.

American companies invest in Tanzanian workers

Symbion and Pike are committed to helping Tanzania improve its electrical system in the long term by investing in the skills of Tanzanian workers. For example, they used their own corporate social responsibility funds earlier this year to send three senior Tanzanian workers to the Northwest Lineman College in Meridian, Idaho. During the two-month program, the students learned about electrical systems, accident prevention and construction methods—skills they will use to train others in Tanzania.

To transfer such skills sustainably, the two companies established a training facility in Morogoro, where they have trained more than 200 Tanzanians, many of whom are expected to work on the MCC-funded projects. By training local technicians, the two companies expect to create a cadre of highly capable Tanzanians to work on future projects.

“(MCC) is by far the best donor I have ever dealt with,” Symbion Power CEO Paul Hinks told the Corporate Council for Africa’s 2011 Business Summit in October. “More American companies should participate in MCC bids for energy projects because it is possible to win work if your proposal is responsive, high quality, and your prices are fair.”

“In the 13 years since I first started working in Africa, including over five years with MCC, this is one of the most impressive initiatives that I have been associated with,” said Matthew Kavanagh, MCC’s deputy resident country director for Tanzania. “It is also exactly the kind of partnership with the private sector—especially the U.S. private sector—that MCC is focused on creating.”

A reliable electrical supply can provide a better future and a path out of poverty. MCC is creating an enabling environment in developing countries for U.S. companies to do business, and two American firms are helping make that better future a reality for low-income Tanzanians.