MILLENNIUM CHALLENGE CORPORATION
REDUCING POVERTY THROUGH GROWTH

FRANCES C. MCNAUGHT
VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you of the intent to provide funding of up to US$9,900,000 for the purpose of facilitating the development of a Millennium Challenge Compact with the Government of Tanzania.

This notification is being sent to the Congress on June 4, 2007. Allocation and obligation of funds may be incurred on or after fifteen days from the date of this notification. The obligation of funds will be made at the time the applicable agreement is effective.

Sincerely,

Frances C. McNaught
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CONGRESSIONAL NOTFICATION
June 4, 2007

In accordance with the Continuing Resolution of 2007 (P.L. 109-3833), this is to advise that the Millennium Challenge Corporation ("MCC") intends to obligate up to US$9,900,000 in FY 2007 MCC program funds pursuant to its authority under Section 609(g) of the Millennium Challenge Act of 2003. MCC plans to apply the obligated funds to facilitate the development of a proposed Millennium Challenge Compact ("Compact") with the Government of Tanzania ("GoT") and to accelerate the implementation of the proposed Compact should the Compact be concluded. Specifically, these funds will be used for the following five activities expected to be included in the proposed Compact:

1. Transport Activity (US$350,000)
2. Water Activity (US$3,290,000)
3. Energy Activity (US$2,500,000)
4. Environmental and Social Assessment (US$400,000)
5. Program Management (US$3,360,000)

Transport Activity

Funding is expected to be used to provide oversight and technical assistance to the Tanzania National Roads Agency during detailed design and environmental assessment work for three trunk road projects: the Tanga – Horohoro Road, the Tunduma – Sumbawanga Road, and the Tunduru – Mbamba Bay Road.

Water Activity

Funding is expected to be used to complete feasibility studies and environmental and social planning required for speedy implementation of the water project. The funding is expected to enable the completion of feasibility studies to a quality acceptable to MCC and to provide the planning documents to produce final design and bid documents.

Energy Activity

Zanzibar Second Interconnector and Alternative Energy. Funding is expected to be used to establish the baseline (through surveys) for transmission line route, to conduct an environmental impact assessment, to produce an environmental management plan, and to assess potential resettlement issues.

Malagarasi Hydropower Project: Funding is expected to be used for environmental and social impact assessment, environmental management plan including any resettlement plan, hydrology and topographic survey and preliminary design so that design-build or similar contracting approach can be used to expedite the civil works procurement.

Electric Distribution Upgrade and Network Expansion: Funding is expected to be used for environmental impact assessment and environmental management plans.

The resulting studies are expected to be used to develop various implementation plans that will increase GoT's capability to plan and execute the energy project.

Environment and Social Assessment

Funding is expected to be used to produce a strategic environmental assessment tied to specific MCC projects that will allow for sustainable, responsible design and implementation of such projects. It will also provide the Government of Zanzibar with a useful tool for a sound environmental management plan and mitigating measures for future infrastructure investments.

Program Management

Funding is expected to be used for the management of the program for a period of 6 to 12 months in the following four categories:

1. MCA-Tanzania salaries for its core staff and ongoing consultations,
2. Implementing Entity Procurement Agent support and External Procurement Agent/Oversight Advisor Services,
3. GoT Fiscal Agent support, and
4. Monitoring and Evaluation.