

## Japanese ODA Loan Signed with Mozambique

### Building a Foundation of Economic Development with Road Infrastructures Toward Comprehensive Development in the Nacala Region

1. On March 10, JICA (President: Sadako Ogata) signed a Japanese ODA loan agreement with the government of Mozambique in the capital city of Maputo to provide up to 5.978 billion yen for the Nampula - Cuamba Road Upgrading Project.

2. This project will provide improvements to the 350 kilometers of national road connecting the cities of Nampula in Nampula Province and Cuamba in Niassa Province in the northern part of Mozambique. This interval composes a portion of the Nacala Economic Corridor, extending from Nacala - port city and gateway to northern Mozambique - to Malawi's capital of Lilongwe and then to Zambia's capital of Lusaka. Improvements to the Nacala Economic Corridor, including the work of this project, provide inexpensive and reliable communication links not only to Niassa Province and Nampula Province (the most populated province in the nation), but to the port of Nacala from the landlocked nations of Malawi and Zambia. The effects of these improvements include increasing the distribution of goods to northern Mozambique, activating regional economics, improving livelihoods of residents and alleviating poverty. The funds for this project will be allocated to road construction and related activities.

3. This project is co-financed with the African Development Bank in accordance with the Enhanced Private Sector Assistance for Africa (EPSA for Africa). [1] With cooperative funding from the Export-Import Bank of Korea, this project is also the first co-financed Japan-Korea ODA project.

4. In Africa - where national borders are drawn in an arbitral manner, landlocked countries abound and the gross domestic product is low in many countries - it is considered strategically important to work on economic development not in terms of countries but in terms of regions, an approach led by the New Partnership for Africa's Development or NEPAD. [2] Creating transportation infrastructures that ensure smooth goods distribution across national borders is critical to promoting these efforts. While the road infrastructure in particular carries more than 90 percent of the traveler and cargo transportation in sub-Saharan Africa, the road standards are markedly lower than in other regions of the world, [3] and not only do these conditions lead to high inland transportation costs in sub-Saharan Africa, but they also hamper economic development. [4]



The present conditions of the road which will be build by the project



signing ceremony

5. Toward solving such issues, JICA aims to ensure the Nacala Economic Corridor functions as an international corridor and is investigating a project to repair 150 kilometers extending west of the Nampula-Cuamba interval of this project. With an aim at total development in the Nacala Economic Corridor region, JICA is planning studies for developing the port of Nacala (including repairs and expansion) where the Nacala Economic Corridor improvements are expected to bring an increase in cargo volume. JICA is also partnering with Brazil to tackle agricultural development in the Nacala Economic Corridor region. Assistance for the education and health sectors is also being investigated.

6. Building on the results of Tokyo International Conference on African Development (TICAD) IV held in Yokohama in May 2008, JICA holds a policy of actively investigating continued support to Africa in line with the policy of the Japanese government to emphasize African aid.

[1] EPSA for Africa is an initiative announced by the Japanese government in 2005 to provide comprehensive support for private sector development in Africa. The Japanese ODA loan implemented by JICA is limited to one billion dollars over five years and is being implemented in partnership with the African Development Bank.

[2] NEPAD was adopted at the Organisation of African Unity Assembly of Heads of State and Government in 2001 as an attempt to achieve poverty alleviation and sustained growth at the responsibility of Africa without relying on other countries.

[3] The road density in sub-Saharan Africa is 0.03 kilometers of road per square kilometer of land, a ratio acutely low to other regions of the world, such as the average of 0.2 in Asian countries.

[4] As of 2001, the cost of transportation for imports was six percent for the world overall, less than half of the 13.8 percent average for sub-Saharan nations, with landlocked sub-Saharan nations reaching 20.7 percent.

(Reference)

## Reference

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### 1. Term and Amount of Loan

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period /Grace Period (years)	Procurement
Nampula – Cuamba Road Upgrading Project	5,978	0.01	40/10	Untied

### 2. Executing Agency

National Road Administration  
Address: Direccao de Estradas Nacionais  
Avenida de Mozambique 1225  
Maputo, Mozambique  
Tel: +258 (1) 476-163/476-1637, Fax: +258 (1) 475-290

### 3. Planned Implementation Schedule

- (1) Completion of project: September 2013 – when road service begins
- (2) Issuing of letters of invitation for consulting services (including construction monitoring): November 2009 (already sent)
- (3) Tender announcement for procurement package for international competitive bidding on project construction:  
Release date: March 2010