

Signing of Japanese ODA Loan with the United Republic of Tanzania

—Contributing to economic growth and reducing poverty through ongoing financial assistance and policy formulation—

1. On May 19, the Japan International Cooperation Agency (JICA) signed an agreement with the Government of United Republic of Tanzania to provide a loan of up to a total of 1.5 billion yen for the Eighth Poverty Reduction Support Credit (PRSC8).

2. Unlike project loans for infrastructure development and other such work, this programme falls under the rubric of Development Policy Lending. The Government of Tanzania has established concrete policy objectives and actions as measures toward achieving its National Strategy for Growth and Reduction of Poverty, known by its Swahili name of MKUKUTA, which has been given top priority in national planning. This programme will support the Government of Tanzania in implementing actions and achieving those objectives.

3. With the aim of reducing poverty through economic growth, MKUKUTA is organized around three clusters: growth and reduction of income poverty, improved quality of life and social well-being, and good governance and accountability. JICA has provided poverty reduction support credit to the Government of Tanzania in the past^[1], and is currently reviewing the status of policy and system reforms with thirteen other donors including the World Bank, providing similar financial assistance. This Japanese ODA loan came about as the result of an evaluation of the efforts the Government of Tanzania has made toward reforms, with a focus on the achievement of policy objectives related to infrastructure.

4. JICA has dispatched policy dialogue experts to Tanzania for policy formulation and system improvements, with a focus on the vulnerability in the infrastructure sector. Also, in the fields of agriculture and governance, JICA has assisted policy formulation and the construction of an implementation framework at the central and local government levels through technical cooperation. JICA is thus not only providing financial assistance to the Tanzanian government with this loan, but also supporting efforts to achieve MKUKUTA through active participation in locally held meetings and providing policy formulation. Assistance is being provided with cooperation from thirteen donors, including the World Bank.^[2]

5. JICA's policy is to provide ongoing cooperation in the socio-economic development of Tanzania, effectively combining policy and system improvements through financial assistance by poverty reduction support credit and infrastructure improvements by project loans and technical cooperation projects.



Signing Ceremony

Reference

1. Terms and Amounts of Loan

Programme title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Deferment period (years)	Procurement
		Programme	Consulting services			
Eighth Poverty Reduction Support Credit	1,500	0.01	—	40	10	General untied

2. Project Summaries

Eighth Poverty Reduction Support Credit

Executing Agency

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Planned Implementation Schedule

- (i) Completion of project: June 2011 – with completion of the loan process
- (ii) Issuing of letters of invitation for consulting services: No hiring of consultants is planned for this project
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction: Not applicable

Notes

- [1] The Fourth Poverty Reduction Support Credit (Japanese ODA loan signed in March 2007): http://www.jica.go.jp/english/news/jbic_archive/autocontents/english/news/2007/000027/index.html,
the Fifth Poverty Reduction Support Credit, (Japanese ODA loan signed in September 2007): http://www.jica.go.jp/english/news/jbic_archive/autocontents/english/news/2007/000139/index.html,
the Sixth Poverty Reduction Support Credit (Japanese ODA loan signed in March 2009): <http://www.jica.go.jp/english/news/press/2009/090421.html>, and
the Seventh Poverty Reduction Support Credit (Japanese ODA loan signed in December 2009): http://www.jica.go.jp/english/news/press/2009/091203_2.html.
All were co-financed with the World Bank.

- [2] A range of cooperation is being provided by thirteen donors, such as the World Bank, the United Kingdom, Sweden and the European Union, to lessen the administrative burden placed on the Tanzanian government when donors provide assistance or conduct evaluations under requirements their systems impose, and to make it possible to reduce the transaction costs that arise when providing assistance.