

## Signing of Japanese ODA Loan Agreement with the Republic of Mozambique

–Contributing to economic development in southern Africa through rehabilitating the port of Nacala–

On March 7, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the government of the Republic of Mozambique in Maputo to provide up to 7.889 billion yen for the Nacala Port Development Project Phase I.

This Project aims for increasing productivity in cargo handling at the Port which is the pivotal port of northern Mozambique in its exports/imports, thereby contributing to economic development and poverty reduction in the Nacala corridor stretching from northern Mozambique to Malawi and Zambia. The loan provided under this Project will be allocated to construction work such as dredging at berth, constructing an access road, and repairing yards and the expenses incurred in the procurement of cargo handling equipment at the Port and consulting service (including detailed planning, bidding assistance, overall project management, and operation management/coordination).

The port of Nacala is currently ranked third in terms of cargo handling and container handling among Maputo, Beira and Nacala, principal commercial ports of Mozambique. However, the Port is naturally blessed with a depth of 14m, the best natural harbor in the southeastern region of Africa. It is expected that the port of Nacala will grow as the gateway to the Nacala corridor holding a population of approximately 52 million people. Recently mineral resources such as coking coal and natural gas were discovered in the region. At the same time, its high agricultural potentials have been confirmed as well. In parallel with vitalized economic activities in this region primarily in these realms, the cargo volume of the Port has greatly increased. It is anticipated that it will become ten times as large as the present cargo tonnage in the year 2030. It is urgently needed to rehabilitate the old port facilities and raise the efficiency of cargo handling in the port in order to meet such a sharp rise in cargo volume.



Signing ceremony

In 2019, it is estimated that the implementation of the Project will expand by three times the capacity of the port to 4,738,000 tons of cargo and 234,000 TEUs (twenty-foot equivalent units) in containerized cargo capacity. It is also estimated that the capacity of the Port will be multiplied by more than three times as large as the present volume in terms of the annual average of containerized cargo tonnage per ship dwell time in port (TEU/time period) and an annual average containerized cargo tonnage per handling hour alongside quay walls (TEU/time period): they will jump to 24TEUs and 29TEUs respectively. Thus, undoubtedly the Project will greatly contribute to improvements in regional distribution of goods. Besides this ODA loan project, Japan has implemented the Nacala Port Management Improvement Project, a supplementary project to the loan project, since April 2012 to develop human resources required for expanding the functions of the port of Nacala. In addition, an agreement on grant aid project, namely the Project for Urgent Rehabilitation of Nacala Port was signed in December 2012 with the aim of carrying out emergency repairs that should be done prior to this loan Project.

At the same time Japan has been supporting the formulation of comprehensive development plan in the Nacala corridor region through the Project for Nacala Corridor Economic Development Strategies in the Republic of Mozambique (development study-type technical cooperation). Likewise, Japan extends its cooperation to agricultural development through the Triangular Cooperation Programme for Agricultural Development of the African Tropical Savannah among Japan, Brazil and Mozambique (ProSAVANNA–JBM). Japan has been enhancing valuable contributions to regional development through industrial development and employment promotion by organically linking socioeconomic infrastructure development projects such as the Nampula – Cuamba Road Upgrading Project (ODA loan project), the Project for Construction of Bridges on the Road between Ile and Cuamba (grant aid), and the Project for the Construction of Secondary Schools in Nampula Province (grant aid).

The port of Nacala is expected to contribute to economic development and economic integration in the southern region in Africa as the core port of trades in the region particularly in light of the fact that the road repairs is expected to be completed by 2018 in the section from the port of Nacala to Lusaka, the capital city of Zambia.

## Reference

### 1. Terms and Amounts of Loans

| Project title                             | Amount (million yen) | Annual interest rate (%) |                     | Repayment (years) | Grace period (years) | Procurement    |
|---|----------------------|--------------------------|---------------------|-------------------|----------------------|----------------|
|   |                      | Project                  | Consulting services |                   |                      |                |
| Nacala Port Development Project (Phase I) | 7,889                | 0.01                     | 0.01                | 40                | 10                   | General untied |

### 2. Project Summaries

#### Executing agency

Ministry of Transport and Communications  
Mártires de Inhamitanga 336, Maputo, Mozambique  
Tel: +251-21-359-841, Fax: +251-21-359-841

#### Schedule for project implementation (plan)

- (i) Time to be completed: May 2017 (The project shall be completed when the facilities are put to use.)
  - (ii) Time to send an invitation for consulting service (detailed designing, etc.): March 2013
  - (iii) Advertisement for bids for the initial procurement package by international competitive bidding for principal works
- Name of the procurement package: Construction work for Phase 1  
Duration: January 2014