

Japanese ODA Loan for the Government of the United Republic of Tanzania

–Improving Investment Climate and Public Financial Management for Economic Growth and Poverty Reduction–

On June 18, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the Government of the United Republic of Tanzania, in Dodoma, to provide a loan of up to 1.5 billion yen for the Tenth Poverty Reduction Support Credit (PRSC10).

PRSC 10 is a non-project loan that sets key policy actions and provides loans based on the accomplishment of the actions in order to achieve policy reforms targeted in the National Strategy for Growth and Reduction of Poverty II (MKUKUTA II, as a Swahili acronym). PRSC 10 focuses on two areas: (1) the investment climate and (2) public financial management. This loan was approved after an evaluation of the policy actions taken by the Government of Tanzania. The loan is co-financed with the World Bank.

Since the year 2000, Tanzania has achieved steady annual economic growth of 6 to 7 percent, which is expected to continue at the same pace up to 2015. MKUKUTA II identifies initiatives that focus on growth and productivity as a policy to reduce poverty and lays out an emphasis on the economic growth front. The policy actions achieved, based on which PRSC10 will be disbursed, relate to: effective institutions for promoting and regulating special economic zones; an improved investment climate as a regional transit hub; enhancement of efficiency and transparency in domestic revenue mobilization; sound public investment management; and improved quality of budgets and financial management systems. Accomplishing these policy actions is an important step toward achieving the policy objectives of the Government of Tanzania, especially for the policy objective of enabling the country to take advantage of its geographical advantage as a regional transit hub. This is significant in view of increasing private investment in Tanzania.

To support the achievement of these policy actions, JICA has dispatched experts who have made policy proposals in the transportation sector, made capital investments through project assistance, and provided training through technical cooperation, among other support activities. Furthermore, JICA is cooperating closely with the World Bank and other donor agencies, and will continue to support development efforts of the Government of Tanzania by utilizing its various types of assistance.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Tenth Poverty Reduction Support Credit	1,500	0.01	–	40	10	General untied

2. Project Summaries

Executing Agency

Ministry of Finance, United Republic of Tanzania
Address: Madaraka Avenue, P.O. Box 9111, Dar es Salaam, Tanzania
Phone: +255-22-211-1174, Fax: +255-22-211-0326

3. Planned Implementation Schedule

- (i) Completion of project: June 2013 – with completion of the loan disbursement
- (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



William Augustao Mgimwa, Tanzania's minister of Finance (left); Yasunori Onishi, chief representative, JICA Tanzania Office (second from the right); and Masaki Okada, Japanese ambassador to Tanzania (right), shake hands after signing a loan agreement.