

## Signing of Japanese ODA Loan Agreement with the Government of United Republic of Tanzania

### In Support of Tanzania's Efforts to Improve the Investment Climate through Budget Support and Policy Dialogue



Saada Mkuya Salum (left), minister of Finance, and Yasunori Onishi, chief representative of the JICA Tanzania Office sign the loan agreement.

On June 16, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the Government of the United Republic of Tanzania at Dodoma to provide a loan of up to 1.5 billion yen for the Eleventh Poverty Reduction Support Credit (PRSC11).

The PRSC 11 is a non-project loan which sets key policy actions and provides loans based on accomplishing actions in Tanzania's highest level national plan, the National Strategy for Growth and Reduction of Poverty II (abbreviated as MKUKUTA II based on the Swahili name), focusing on two areas: (1) the investment climate; and (2) public financial management. This loan was approved after confirming the policy actions taken by the Government of Tanzania in its 2013/2014 fiscal year. The loan is co-financed with the World Bank.

Tanzania has achieved steady economic growth at an annual rate of about seven percent since 2000. This growth is expected to continue at the same pace through 2018. Identifying initiatives that focus on growth and productivity improvement as measures to reduce poverty, MKUKUTA II also allocates resources with an emphasis on economic growth. JICA's support of the non-project loan in Tanzania through PRSCs started in Japanese FY 2006 and has continued every year through Japanese FY 2014 except for 2012. Some of the achievements made through this support are an increase in domestic revenue collection, increased transparency in the budget process, and the introduction of an electronic accounting system which has contributed to stronger public financial management.

Policy actions achieved in 2013/2014 include the improvement in customs efficiency and implementation of an effective operational one-stop services center for special economic zones. These policy actions address important policy challenges faced by the Government of Tanzania and as these actions have been accomplished, trade and private investment to Tanzania can be promoted. Furthermore, it is expected that the economic development of neighboring countries will be boosted as Tanzania plays a role as a regional transit hub and shares its borders with eight countries including landlocked nations. JICA's policy advisor on transport sector made contributions in the area of facilitating some of the policy actions.

While JICA's assistance to non-project loans in Tanzania through PRSC will come to an end after PRSC11, JICA, in close collaboration with the World Bank and other development partners, is in the process of considering a new phase of non-project loans to further contribute to the socio-economic development of Tanzania.

#### 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			
Eleventh Poverty Reduction Support Credit	1,500	0.01	-	40	10	General untied

##### 2. Executing Agency

Ministry of Finance, United Republic of Tanzania  
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##### 3. Planned Implementation Schedule

- (i) Completion of project: June 2014 – 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