

Signing of Japanese ODA Loan Agreement with the Republic of Mozambique

Contributing to economic growth in Southern Africa through rehabilitating Nacala Port

On June 11, 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 29.235 billion yen for the Nacala Port Development Project Phase II.

Nacala Port is currently ranked third in terms of cargo handling and container handling among Maputo, Beira and Nacala Ports, the principal commercial ports of Mozambique. However, naturally blessed with a depth of 14 meters, Nacala Port is the best natural harbor in southeastern Africa and has a high potential. Currently, the port serves as a pivotal port for exports and imports in northern Mozambique. It is expected that the port will grow as the gateway to the Nacala Corridor, which has a population of approximately 45 million people. The port is expected to become a regional trade base, and road improvements from Nacala Port to Lusaka, the capital of Zambia, are planned to be completed in 2018 which will contribute to economic growth and economic integration in Southern Africa.

In recent years, mineral resources such as coal and natural gas have been discovered in the region, and with a high agricultural potential and increasing economic activity, the region is handling significantly higher cargo volume, which is expected to further increase tenfold by 2030. Repairing the current deteriorated port facilities and improving harbor stevedoring efficiency are priorities to accommodate this sizable increase in cargo volume.

The project aims to increase cargo-handling productivity at the port which is pivotal for exports and imports in northern Mozambique, thereby contributing to economic development and poverty reduction in the Nacala Corridor which stretches from northern Mozambique to Malawi and Zambia. Following a loan provided for the Nacala Port Development Project Phase I (loan agreement signed in March 2013, loan amount: 7.889 billion yen), this loan will be provided for the second phase project to be used for repairs to the North Wharf, dredging, container yard paving, procurement of gantry cranes and other cargo handling equipment, and consulting services (such as bidding assistance, construction monitoring and environmental monitoring).

As a result of implementing the project, the cargo volume is expected to increase from the 2.25 million tons handled in 2012 to 5.071 million tons per year by 2020, two years after project completion, and the annual container volume is expected to increase from the 65,000 TEUs (twenty-foot equivalent units) handled in 2012 to 251,000 TEUs per year in 2020.

Besides this project, JICA is assisting with two other projects for Nacala Port, the Project for Improvement of Nacala Port, a technical cooperation project for human resource development to improve the port's function, and the Project for Urgent Rehabilitation of Nacala Port, a grant aid project to conduct urgent rehabilitation in advance of the present loan projects (grant agreement signed in December 2012). Formulation of a comprehensive development plan for the Nacala Corridor area is on-going. Other assistance combines agricultural development, development of social and economic infrastructure and capacity development of related personnel. With these efforts, JICA supports the development of the Nacala Corridor area by boosting industry as well as creating employment.

Reference

1. Terms and Amounts of Loan

| Project title | Amount (million yen) | Annual interest rate (%) | | Repayment period (years) | Grace period (years) | Procurement |
|--|-------------------------|--------------------------|------------------------|--------------------------------|----------------------------|----------------|
| | | Project | Consulting services | | | |
| Nacala Port Development Project Phase II | 29,235 | 0.01 | 0.01 | 40 | 10 | General untied |

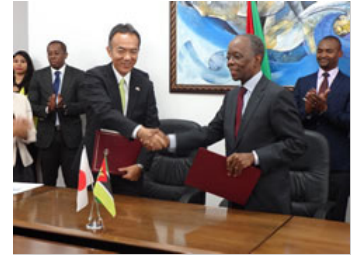
2. Executing Agency

Ministry of Transport and Communications, Mozambique
Address: Av. Mártires de Inhamitanga 336, Maputo, Mozambique
Phone: +251-21-359-841, fax: +251-21-359-841

3. Planned Implementation Schedule

- (1) Completion of project: January 2018 – when the facilities are put into service
- (2) Consulting services (including bidding assistance, construction monitoring, environmental monitoring)
Release date: To be determined
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package title: Construction Work for Phases I and II of the Nacala Port Development Project
Release date: July 2015

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Signing ceremony