

## Signing of Japanese ODA Loan Agreement with Tanzania: Contributing to sustainable economic growth through improvements to the business environment

On April 11, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the United Republic of Tanzania in Dar es Salaam to provide a Japanese ODA loan of up to six billion yen for the Business Environment for Jobs Development Policy Operation.

Since the start of the 2000s, the gross domestic product of Tanzania has seen firm growth, averaging six to seven percent per year. However, due to complex permit application procedures, an immature financing and loan system, and the country's land acquisition system, among other factors, the World Bank's "Doing Business 2016" report ranks the country 139 out of 189 countries for ease in doing business. With a high population growth rate, 800,000 young people are said to enter the labor market each year, and there is a demand for stable employment opportunities.

Taking these circumstances into account, this program falls under Development Policy Lending (a non-project loan) that provides financial assistance based on progress in achieving organizational and policy reform action targets established to stimulate the private sector in Tanzania. For this loan, 10 policy actions were established on the basis of three pillars of reform: 1) business environment improvement, 2) market reforms for production elements such as labor, land and investment, and 3) creating employment and strengthening competitiveness for agribusiness, tourism and other industries. The specific 10 policy actions are: corporate registration and licensing, efficiency in port operations and customs improvements, corporate tax reform, labor market reforms, land policy reforms, financing access, rural road policy, agribusiness tax reform, food sanitation modernization, and strengthening the competitiveness of the tourism industry.

To stabilize economic growth in Tanzania over the mid- to long term, there is a need to support growth in domestic companies and further expand investment by foreign companies in Tanzania through measures that benefit the private sector as a whole. It is also important for the private sector to lead growth, which will pave the way to a more active domestic economy and create employment. By achieving the private sector-related policy and organizational reforms, this program is expected to contribute to an improved business and investment environment for companies from Japan and other countries. This program will be cofinanced by the World Bank, which signed a loan agreement (L/A) with the Government of Tanzania in September 2015 for 80 million US dollars for this program.



Signing ceremony

### 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			
Business Environment for Jobs Development Policy Operation	6,000	0.01	-	40	10	General untied

#### 2. Executing Agency

Ministry of Finance and Planning, United Republic of Tanzania  
Address: 1 Madaraka Street, P.O. Box 9111, 11468, Dar es Salaam, Tanzania  
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#### 3. Planned Implementation Schedule

- (1) Completion of project: April 2016 – with completion of the loan disbursement
- (2) Consulting services: No hiring of consultants is planned for this program.
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction: No construction in conjunction with bidding is planned for this program.