

## Signing of Japanese ODA Loan Agreement with Rwanda: Stimulating regional economic activities through international trunk roadway improvements

On July 13, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Republic of Rwanda in Kigali, the capital city, to provide a Japanese ODA loan of up to 6.889 billion yen for the Rusumo-Kayonza Road Improvement Project.

This project will support repairs and widening of the Rusumo-Kayonza Road, which is located at a key logistics point for Rwanda and on the Central Corridor that leads through Tanzania to Dar es Salaam Port, thereby making overland transportation smoother and decreasing transportation costs to stimulate the transportation of goods in Rwanda and nearby countries.

With its gross domestic product growing more than seven percent in recent years, Rwanda has been called "Rwanda's economic miracle" for its remarkable economic growth. As a landlocked country, the only means of overland transportation in Rwanda is roads, and either the Northern Corridor, which leads through Uganda to Mombasa Port in Kenya, or the Central Corridor must be used to access foreign markets. As an example, in order to transport goods from Rwanda to Dar es Salaam Port in Tanzania, which is the closest international port, goods must travel a distance of approximately 1,400 kilometers over the Central Corridor from Kigali. The transportation costs from Rwanda are therefore extremely high, accounting for some 40 percent of the base cost for imports and exports. That is a high rate compared to the 12 percent of base costs for neighboring Kenya and is a major challenge to promoting economic development.

In order to improve the flow of goods for Rwanda, JICA carried out the Project for Construction of Rusumo International Bridge and One Stop Border Post Facilities, a grant aid project to construct a bridge at the border between Rwanda and Tanzania along with a One Stop Border Post (OSBP), which is a facility to make border procedures more efficient. The OSBP began operation on March 1, 2016. JICA has also supported improvements to OSBP operation capacity in five Eastern African countries, including Rwanda, through the Project on Capacity Development for International Trade Facilitation in the Eastern African Region, a technical cooperation project. Through these projects, the logistics network to Rwanda via the Central Corridor, including the target road interval of this road improvement project, has been greatly improved, the transit regulations for vehicles crossing the border have been relaxed and border crossing procedures have become more efficient.

By supporting repairs to and widening of the Rusumo-Kayonza Road, this project will produce synergistic effect with the outcomes of the other projects, which is expected to, in turn, contribute to the development of the economy in the Central Corridor region, including the neighboring countries of Tanzania, Burundi and the Democratic Republic of the Congo. This project will be co-financed by the African Development Bank (AfDB), and the JICA loan funds will be allocated along with the funds from the AfDB to repairs to and widening of the Rusumo-Kayonza Road (92 kilometers) and to consulting services.

The AfDB co-financing for this project is being conducted under the Accelerated Co-financing Facility for Africa (ACFA), an AfDB co-financing framework based on Enhanced Private Sector Assistance for Africa (EPSA for Africa).

### 1. Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Rusumo-Kayonza Road Improvement Project	6,889	0.01	0.01	40	10	General untied

### 2. Executing Agency

Rwanda Transport Development Agency

Address: Queen's Land Plaza, KG 563 St., P.O. Box 6674, Kigali, Rwanda

### 3. Planned Implementation Schedule

1) Completion of project: September 2019 – with completion of the construction

2) Issuing of letters of invitation for consulting services (including construction monitoring): Already sent\*

3) Tender announcement of initial procurement package for international competitive bidding on project construction:\*

Lot 3: Rehabilitation and Widening Works of Rusumo-Kayonza Road (92 km)

Release date: Already announced

\* Implemented based on the AfDB procurement rules as per the ACFA implementation guidelines.