

**STATEMENT BY HON. MUSTAFA HAIDI MKULO (MP),
MINISTER FOR FINANCE AT THE SIGNING OF EXCHANGE OF
NOTES AND GRANT AGREEMENT FOR THE POVERTY REDUCTION
EFFORTS, BETWEEN THE GOVERNMENTS OF THE UNITED REPUBLIC OF
TANZANIA AND JAPAN, HELD AT THE TREASURY CONFERENCE ROOM IN
DAR ES SALAAM ON 5TH DECEMBER 2011 AT 10:00 AM**

Your Excellency, Mr. Masaki Okada, Ambassador of Japan to Tanzania;

Mr. Yukihide Katsuta, Chief Representative of JICA to Tanzania;

Distinguished Guests;

Members of the Press;

Ladies and Gentlemen.

It is my great pleasure for me to have concluded an Exchange of Notes with your Excellency concerning support to Poverty Reduction Efforts in Tanzania. I would like to take this opportunity, on behalf of the Government of the United Republic of Tanzania, to express our sincere appreciation for the continued support provided by the Government of Japan for socio-economic development of Tanzania, in the context of MKUKUTA.

Your Excellency, I understand that, this is your first time to sign with the Treasury, the Exchange of Notes since you came as a new Ambassador of Japan to Tanzania. On behalf of the Government and people of the United Republic of Tanzania, I would like to take this opportunity to welcome you to Tanzania and to the Ministry of Finance in particular. I want to assure you of the warmth and hospitality of the people of Tanzania. Please, feel at home and enjoy your stay in Tanzania.

Your Excellency, under this Exchange of Notes, your Government will make available Japanese Yen 150, 000,000 equivalent to Tanzania Shillings 3.2 billion to support the Poverty Reduction Efforts in Tanzania. I wish to thank you personally; your Excellency, and through you, the Government of Japan for the

continued assistance to support our development initiatives. The special relationship we are enjoying under our development and technical cooperation with you is highly appreciated.

Your Excellency, I am delighted to note that this grant assistance provided under this Exchange of Notes is intended to support Government efforts to implement the following key programmes:

- (i) JPY 100,000,000 equivalent to Tanzania Shillings 2.1 billion for Local Government Development Grant (LGDG) and,
- (ii) JPY 50,000,000 equivalent to Tanzania Shillings 1.1 billion for Local Government Reform Programme II (LGRP II).

Your Excellency, the Government of Tanzania values your continued support to the National Strategy for Growth and Reduction of Poverty phase II, particularly in the implementation of Decentralization by Devolution programmes. You will recall that on 21st November, 2010, our two Governments signed the Exchange of Notes of the same amount for the execution of the same programmes. This assistance has contributed significantly to Poverty Reduction Efforts in our country.

Your Excellency, the LGDG system has significantly contributed to improved governance and financial accountability at the local level. With enhanced financial discipline, LGAs have striven to achieve value for money in the way financial resources are being used for the implementation of development projects that are formulated and approved on a bottom-up participatory manner. Over time, the LGDG system will be a major stream for sending development funds to LGAs so as to reduce transaction costs.

Your Excellency, the Local Government Reform Programme (LGRP) is another programme which is receiving support from the Government of Japan. LGRP now is in its second phase in pursuing Decentralization by Devolution (D by D). Japan which is also a signatory to the Memorandum of Understanding for LGRP II (D by D) has been providing financial support to LGRP through JICA.

LGRP II (D by D) is being implemented under four components namely:

- (i) Enabling Environment for Decentralization by Devolution component,
- (ii) Capacity Building,
- (iii) Enhanced Citizen Participation and Accountability and
- (iv) Programme Management and Accountability.

I am confident and would like to assure you, ***Your Excellency***, that the assistance provided under the Exchange of Notes we have just signed will be prudently used in order to make more progress in our poverty reduction efforts, particularly in the Local Government. Together, we can fight poverty, support economic growth, improve living standards of our people and ensure socio-economic development.

Your Excellency, I would like to take this opportunity once again to thank the Government of Japan for this great and timely intervention and reaffirm the Tanzania Government's commitment towards implementation of the National Strategy for Growth and Reduction of Poverty. I want to assure you, your Excellency that the Government will make close supervision and monitoring to ensure high quality of work in accordance with the agreed MOU.

Your Excellency; Let me conclude my short statement by restating Tanzania Government's Commitment to maintain and promote further, the partnership and friendly relationship which exists between our two countries.

Thank you for your attention.