

**STATEMENT BY HON. MUSTAFA HAIDI MKULO (MP),
MINISTER FOR FINANCE AND ECONOMIC AFFAIRS, ON THE
OCCASION OF THE SIGNING OF THE FINANCING AGREEMENTS
INCLUDING MILLENNIUM DEVELOPMENT GOALS (MDG)
CONTRACT AND ROAD TRANSPORT SECTOR POLICY SUPPORT
PROGRAMME AMOUNTING TO EURO 379.5 MILLION HELD ON
14TH DECEMBER 2009 AT THE MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS, DAR ES SALAAM.**

***Hon. Dr. Shukuru Kawambwa, Minister for Infrastructure
Development;***

Permanent Secretaries;

***Your Excellency, Ambassador Tim Clarke, EC Head of Delegation
in Tanzania;***

Excellencies;

Distinguished Guests,

Members of the Press;

Ladies and Gentlemen:

It is my great pleasure to have witnessed the signing of these Financing Agreements under which the European Commission has granted Tanzania 379.5.0 million Euros (equivalent to TZS 749.5 billion) from the 10th EDF resources. On behalf of the Government and people of Tanzania, I wish to thank you personally Ambassador Tim Clarke, and through you, the European Commission and all the European Union Member States for the assistance provided to Tanzania.

Let me also take this opportunity to thank my colleagues from the Government and fellow Tanzanians who have come here to witness this occasion. This is a testimony of the extent to which the people and Government as a whole cherish the EU – Tanzania cooperation and the assistance that the European Union provides to Tanzania.

Excellencies, Ladies and Gentlemen, as you are aware, poverty reduction is the overarching goal for both the Cotonou Partnership Agreement on one hand and MKUKUTA and MKUZA on the other hand. The Financing Agreements signed today provide a framework for the European Commission to support the Government of Tanzania efforts to fight poverty through the Enhanced General Budget Support and Sector Budget Support.

Excellencies, Ladies and Gentlemen, I am pleased to note that the European Commission will provide 305.0 million Euros through the General Budget Support under the MDG contract, which is the Government most preferred aid delivery modality. The MDG Contract is a predictable financial commitment over a six year period that is aligned with the country's procedures and policy priorities, focusing on MDG- related results. I am informed that Tanzania is one of only 7 African countries to benefit from this unique aid delivery modality which guarantees significant

amounts of predictable resources over a longer period. To enhance effective implementation, 5.0 million euros will be allocated to help the National Bureau of Statistics to undertake National Panel Surveys on yearly basis.

The increase in the EC budget support demonstrates the EU confidence and recognition of the Tanzanian Government efforts to aggressively tackle the economic challenges enhance good governance, accountability and the fight against corruption. I want to assure our European Union colleagues of our commitment to sustain efforts on these long term objectives.

Excellencies, Ladies and Gentlemen, I am equally delighted to note that in addition to the MDG Contract, the EC will also provide 70.0 million Euros to support the Transport Sector. This assistance is well targeted and timely. As we all know, the transport infrastructure in Tanzania is insufficiently developed to support balanced and faster growth of the economy. Inadequate and unreliable transport system is one of the major challenges for Tanzania's competitiveness in the world economy. This situation limits Tanzania's capacity to attract investment as well as competitiveness in the world market. This assistance will certainly contribute to significant improvement in this important sector. We warmly welcome your assistance in this area. Further to the MDG Contract and

sector budget support, the EC will also provide Tanzania 2.5 million euros to support the Office of the National Authorizing Officer (ONAO) and 2.0 million euros under the 2008 Sugar Accompanying Measures to adopt to the termination of the Sugar Protocol.

Excellencies, Ladies and Gentlemen, the Support to be provided under the two Financing Agreements will contribute to the promotion of sustainable economic growth and the reduction of poverty through the implementation of the MKUKUTA/MKUZA and the successor programmes and thereby to the achievement of significant progress towards Millennium Development Goals. On our part, I am committing the Government of the United Republic of Tanzania to ensure that the resources provided under the two agreements will be used prudently in order to realize the intended objectives.

Excellencies, Ladies and Gentlemen, allow me to conclude by reiterating the Government's commitment to fulfill its obligations as set out in the Financing Agreements. In particular, we wish to assure our friends in the donor community that we will continue to be fully committed to the reform process and to the focus on poverty reduction, which will guide our actions to bringing about sustainable socio – economic development.

The Government will continue to pursue prudent public policies to sustain stable macroeconomic environment to stimulate economic activities. We will also strengthen the capacity to implement Public Financial Management Reform Programme to minimize and thereafter eradicate fiduciary risk. Efforts will continue to be taken to enhance domestic resource mobilization and improve expenditure management. Improved quality and efficiency in the services delivery will be the corner stone of our development agenda. We will continue to improve government budget preparation, execution and production of quality and timely financial reports. The culture of transparency and accountability to the people whom we serve will be deepened.

Once again, I would like to express our appreciation to the European Union through you, your Excellencies and to all those who have contributed in one way or another to the preparation and conclusion of these Agreements.

I wish you Merry Christmas and a Prosperous New Year

Thank you for your kind attention.

**MINISTER FOR FINANCE AND ECONOMIC AFFAIRS
14 December, 2009**