

**STATEMENT BY THE PERMANENT SECRETARY TO THE
TREASURY DURING THE SIGNING OF TWO FINANCING
AGREEMENTS BETWEEN THE GOVERNMENT OF THE UNITED
REPUBLIC OF TANZANIA AND AFRICAN DEVELOPMENT BANK
(AfDB) DONE AT THE TREASURY CONFERENCE ROOM
ON 31ST MARCH, 2010**

**Dr. Siphso Moyo, AfDB Resident Representative,
MOFEA Officials,
AfDB Members of Staff,
Members of the Press,
Ladies and Gentlemen!**

Good morning!

Madam Moyo, I have a pleasure today having signed the two financing agreements with you in which the African Development Bank will extend to Tanzania a total of **UA 153.66 Million** (equivalent to **US \$ 235.45 Million**), equivalent to **TZS 322.5665 Billion**, to support the road and railway sectors.

Madam Moyo, I am informed that **UA 152.00 Million** (equivalent to **US \$ 232.95 Million**), equivalent to **TZS 319.1415 Billion**, will be directed to the 'Road Sector Support Project – Phase I'. This project will improve transport services between Iringa and Dodoma and between Tunduru and Namtumbo and determine the required actions to improve the Mtwara Port and restructuring of the Ministry of Communications and Transport in Zanzibar. Further, I am informed that the Iringa – Dodoma road (260 km) and Tunduru – Namtumbo road (193 km) will be upgraded. Meanwhile, HIV/AIDS, STI's and TB mitigation will be dealt with, among other small interventions.

Madam Moyo, it is my sincere expectation that the people in the project area and long distance operators will be the immediate beneficiaries of this project and this will enhance our regional integration and contribute to our war against poverty. While I am aware that this phase of the project is at the identification stage, it is my Government expectation that the planned activities will be completed in five years period as scheduled.

Madam Moyo, in connection with Tanzania – Rwanda – Burundi railway project, my Government is aware that the feasibility of the same was completed in 2008 and the conclusions of the study showed that the project is technically, economically and environmentally viable. In addition to other benefits of the project, we recognize the importance of it in opening up the two landlocked countries of Rwanda and Burundi and the North Western Region of our country. The construction of Isaka – Kigali line in Rwanda and Keza – Musongati line in Burundi will contribute to the implementation of an efficient and low cost transport system which will promote regional integration, development of areas of high mining, industrial and agricultural potential. It is against this background the Governments of the three countries have listed this project as a high priority.

Madam Moyo, while we understand that the first feasibility study was completed in 2008, we are aware that the beneficiary countries jointly requested the African Development to fund the second phase of the Dar es Salaam – Isaka – Kigali/ Keza – Musongati railway project to the tune of **UA 5.25 Million** (equivalent to **US \$ 8.05 Million**), or **TZS 11.0285 Billion**. As you have noted, Tanzania has borrowed **UA 1.66 Million** (equivalent to **US \$ 2.5 Million**), or equivalent to **TZS 3.425 Billion**, from ADF resources. With regard to the objective of this project, in addition to updating the ended feasibility study, Phase II study will propose to the three countries Public Private Partnership (PPP) model that would be attractive for the potential private investors for its implementation. My Government awaits this proposal because we believe that PPP is now at the centre of economic growth.

Madam Moyo, it is our sincere hope that this study will be completed in fifteen months time as envisaged in order to give the way for actual implementation of this regional project.

Once again, let me express my sincere gratitude to the Bank for your continued support to the Government of Tanzania.

Thank you for your attention.

Ministry of Finance and Economic Affairs
31st March, 2010

**PRESS RELEASE IN CONNECTION WITH THE SIGNING OF
TWO FINANCING AGREEMENTS BETWEEN THE
GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA
AND AFRICAN DEVELOPMENT BANK (AfDB) DONE AT THE
TREASURY CONFERENCE ROOM ON 31ST MARCH, 2010**

Today, 31st March, 2010, the Permanent Secretary to the Treasury, on behalf of the Government of the United Republic of Tanzania, signed with the Resident Representative of the African Development Bank in Dar es Salaam, two loan financing agreements totaling **US \$ 235.45 Million**, equivalent to **TZS 322.5665 Billion**, to support the transport sector (roads and railways).

Under the '**Road Sector Support Project – Phase I**', the African Development Bank will extend to Tanzania **US \$ 232.95 Million**, equivalent to **TZS 319.1415 Billion**, to upgrade the Iringa – Dodoma road (260 km) and Tunduru – Namtumbo road (193 km). Mitigation of HIV/AIDS, STI's and TB in the areas of the project is another activity that will be dealt with by the project.

Other activities to be funded under this package will be to restructure the Ministry of Communications and Transport in Zanzibar. The duration of the whole project is expected to be five years.

In connection with the 'Dar es Salaam – Isaka – Kigali/ Keza – Musongati Railway Project', the Government of the United Republic of Tanzania will receive **US \$ 2.5 Million**, equivalent to **TZS 3.425 Billion**, to support the project preparation in its second phase. This Phase two of project preparation will deal with updating of the ended feasibility study in the three countries with the view of proposing a Public Private Partnership (PPP) model that would be attractive for the potential private investors for its implementation. The total cost for Phase II study in the three countries will cost **US \$ 8.05 Million, equivalent to TZS 11.0285 Billion**. It is envisaged that this study will last for fifteen months from its inception.

**Ministry of Finance and Economic Affairs
31st March, 2010**