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## Remarks by James Kunder Acting Deputy Administrator, USAID

### USAID Hosts Jakaya Kikwete, President of the United Republic of Tanzania

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USAID Visitors Lobby  
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*[As Prepared]*

#### Introduction

Thank you, Kate, for your kind remarks. I'd also like to extend a special acknowledgement to Jacqueline Schafer, the Assistant Administrator for the Economic Growth and Trade Bureau, who has been extremely supportive of USAID's economic growth activities in Tanzania.

President Kikwete, it is a pleasure and an honor to welcome you to the Ronald Reagan Building and the headquarters of the United States Agency for International Development. The leadership that you have provided to your country is no small factor in Tanzania's success.

We value our partnership with you and your government in promoting democratic governance, education, health, agriculture, and economic growth.

Mr. President, you are recognized throughout the world for your wise leadership across the African continent in your current position as Chairperson of the African Union, most notably as a key mediator in the post-election crises in Kenya and the Comoros. Again, we are honored that you have come here today.

Tanzania is at the forefront of private sector development in Africa. Supporting a robust private sector is key for investment, trade, and economic growth. Especially in light of rising food prices, supporting private investment in Tanzania's agricultural sector is of paramount importance.

To this end, USAID is currently negotiating a joint credit guarantee with the African Development Bank and CRDB Bank, which would enable smallholder farmers and agribusinesses to access up to \$20 million of credit to invest in their enterprises.

#### The Tanzanian Guarantee with CRDB Bank

The agricultural sector in Tanzania is a large driver of economic growth. About 80 percent of Tanzania's population is engaged in agriculture, and the sector contributes more than one-third of the national economy.

However, enterprises in the agricultural sector often face difficulty accessing credit because the sector is perceived as risky. A joint credit guarantee can help farmers and agribusinesses gain access to debt financing, resulting in increased agricultural output, investment, and employment.

Credit guarantees are an important tool for sustainable development, because they leverage existing private sector resources, resulting in expanded financial services to new borrower sectors.

## The Partnership with African Development Bank

On April 15 of this year, USAID and the African Development Bank signed a Memorandum of Understanding in support of African entrepreneurs through the issuance of joint credit guarantees.

By demonstrating to the market the viability of these borrowers, private financial institutions will gain the experience necessary to continue lending without additional USAID-African Development Bank support.

Joint guarantees also leverage each others' comparative advantage and enhance donor effectiveness. This is in line with the Paris Declaration's call for coordinated donor programs to achieve better development.

The guarantee with CRDB in Tanzania would be the first joint credit guarantee issued under this partnership.

## African Entrepreneurs Facility

This joint guarantee in Tanzania is a cornerstone of the African Entrepreneur Facility, a groundbreaking public-private initiative to support the growth of African entrepreneurs.

The African Entrepreneur Facility will assist African entrepreneurs in accessing the capital necessary to invest in their businesses, encouraging job creation and leading to sustainable economic growth. Access to this capital will be through joint loan guarantees, the first of which we are discussing today.

The African Entrepreneur Facility is an important way for the US Government and our partners, including the Government of Tanzania and the African Development Bank, to develop a vibrant private sector in Africa.

## Conclusion

The collaboration among USAID, CRDB Bank and the African Development Bank on a joint credit guarantee in Tanzania is a prime example of how governments, development organizations, and the private sector can build upon and reinforce one another's strengths. The result is a much-needed expansion of financial services for Tanzanian agriculture.

Tanzania is an important partner to USAID and we are proud to be working with you to support its development. Thank you, President Kikwete, for your service and for coming here to USAID. In just a few moments, we will invite you to the podium for some remarks. In the meantime it is my pleasure to ask the Deputy Director of the United States Trade and Development Agency, Ms. Leocadia Zak, to offer her own remarks.

Deputy Director Zak began her current position at USTDA in early 2006. She has been helping the agency's senior management team advance its commercially-oriented foreign assistance program since 2000, serving as both General Counsel and as Acting Director. Before joining USTDA, Ms. Zak was a law partner in private practice, focusing her attention on innovative financing programs involving U.S. government agency financings for international projects, as well as financings by other bilateral and multilateral agencies.

Ms. Zak is also an Adjunct Professor of Law and has taught at the Boston University School of Law, Morin Center for Banking and Financial Law Studies and at the Georgetown University Law Center.

Deputy Director Zak, welcome.

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*[later remarks for introducing President Kikwete]*

Now it is my honor to introduce, for his remarks, His Excellency, Jakaya Kikwete, President of the United Republic of Tanzania. He served his country capably as minister of finance and as minister of foreign affairs before his election to the presidency in 2005. This year he was elected chairman of the African Union.

The United States was deeply honored earlier this year when President Kikwete and the people of Tanzania welcomed President George Bush and Mrs. Bush to their country for a State Visit in February. President Bush has the warmest memories of this visit and of the friendship between our countries. Just last month at the G-8 Summit in Japan, Presidents Kikwete and Bush met again in the context of discussing the development issues of Africa. And now we are delighted that you are here in our capital as a guest of President Bush, and this afternoon as our guest at USAID.

Welcome, Mr. President.

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