

JBIC SIGNS EMERGENCY EARTHQUAKE RECOVERY LOAN

- ODA loan for Turkey's "Emergency Earthquake Recovery Plan" -

1. Japan Bank for International Cooperation (Governor: Hiroshi Yasuda) decided to provide the Republic of Turkey with a loan totaling 23.6 billion yen to finance the country's "Emergency Earthquake Recovery Plan", and signed today at the Bank's Head Office in Tokyo a loan agreement with the Government of Turkey. The loan agreement was signed by JBIC Governor Hiroshi Yasuda and Mr. Aydin Karaoz, Director General, General Directorate of Foreign Economic Relations, Undersecretariat of Treasury. The loan amount and terms are as follows:

Loan amount and terms

Project Name	Amount (Million yen)	Interest Rate (% p.a.)	Repayment Period /Grace Period (Years)	Tying Status
Emergency Earthquake Recovery Plan	23,600	2.2	25/7	General Untied

2. A large temblor with a magnitude of 7.4 hit the northwestern part of Turkey on August 17, 1999, causing serious and extensive damage in this area. The quake claimed some 17,000 lives, and injured more than 43,000 people. About 200,000 houses were either totally or partially destroyed, leaving more than 500,000 people homeless. The total loss is estimated to surpass US\$6 billion. In response, the government of Turkey has drawn up an "Emergency Earthquake Recovery Plan", which is designed to:
- 1) Repair and reconstruct demolished houses;
 - 2) Provide emergency aid to the victims;
 - 3) Restore the social infrastructure (such as transportation, education, and power); and
 - 4) Extend special quake loans.
3. The ODA loan is provided to help this "Emergency Earthquake Recovery Plan", and its proceeds will be used to purchase urgently needed goods and services including steel and timber, building materials, machinery, and fuel. Meanwhile, the counterpart fund obtained by this loan will be applied to this "Emergency Earthquake Recovery Plan". The loan is expected to help improve the balance of payments, stabilize the Turkish economy, and revive the quake-devastated areas.
- The yen loan designed to finance the purchase of goods and services urgently needed for the implementation of the Emergency Earthquake Recovery Plan is first provided to the government, which then sells the yen fund to the Central Bank, thereby earning local currency (i.e., the Turkish lira). The local currency thus obtained is called "the counterpart fund".