

ODA Loans Extended For Tunisia's Rural Infrastructure Development

Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed today agreements at its head office in Tokyo to provide FY1999 ODA loans totaling 16.085 billion yen to the Republic of Tunisia for three projects: the Rural Water Supply Project, Integrated Reforestation Project, and Telecommunications Network Development Project (III). Including these latest loans, the amount of ODA loans extended by JBIC to Tunisia totals 140.29 billion yen covering 23 projects.

The economy of Tunisia has been on a steady growth path, supported by robust investment, a high savings ratio, and steadily increasing exports led by the textile sector. Although this expansion is expected to continue in the years to come, the country still needs to tackle a number of problems to ensure sustainable growth. These include 1) enhancing industrial efficiency; 2) stabilizing production in the agricultural sector; 3) rectifying the regional economic gap 4) securing employment, and 5) preserving the environment. In response, the government of Tunisia put in place the 9th 5-Year Plan (1997-2001).

JBIC's loans are aimed at helping the government to implement this development plan, by financially supporting rural infrastructure development, global environmental preservation, and key infrastructure development, thereby contributing to the country's further economic growth and higher standard of living.

(For details, see the attachment.)

Aid For Tunisia's Rural Infrastructure Development Rectifying Urban-Rural Gap

Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed agreements at its head office in Tokyo today to provide FY1999 ODA loans totaling 16.085 million yen to the Republic of Tunisia for three projects: the Rural Water Supply Project, Integrated Reforestation Project, and Telecommunications Network Development (III).

The loan agreements were signed by JBIC Governor Hiroshi Yasuda, Ambassador Extraordinary and Plenipotentiary to Japan, Mr. Salah HANNACHI, who signed for the Rural Water Supply Project and Integrated Reforestation Project, and Telecommunications Minister Ahmed FRIDAA, who signed for the Telecommunications Network Development (III). Including these latest loans, the amount of ODA loans extended by JBIC to the Republic of Tunisia totals 29 billion yen covering 23 projects.

1. Loan Amount and Conditions

Project Name	Amount (Mil. yen)	Interest Rate (%/Year)		Repayment Period / Grace Period		Tying Status	
		Goods & Services	Consulting Services	Goods & Services	Consulting Services	Goods & Services	Consulting Services
Rural Water Supply Project	3,352	1.70*	0.75**	25/7	40/10	General Untied	Bilateral Tied
Integrated Reforestation Project	4,080	0.75**	0.75**	40/10	40/10	Bilateral Tied	Bilateral Tied
Telecommunications Network Development Project (III)	8,653	2.2	-	25/7	-	General Untied	-

* Standard environmental project

** Special environmental project

2. Outline of the Republic of Tunisia

The Republic of Tunisia is located in the central part of northern Africa, and the narrowest part of the Mediterranean Sea lies between Tunisia's coast and Sicily. Because of this geographic location, Tunisia is regarded as an important country that can have a direct affect on the stability of the Mediterranean region and northern Africa.

The country declared its independence in 1956, and for 30 years thereafter, the country was under the leadership of former President Bulghiba. In 1987, President Ben Ali took office, and the country has been actively engaged in carrying out basic policies toward establishing democracy proposed by the President. These efforts are leading to solid results in regard to economic development in Tunisia. President Ben Ali was reelected in October 1999 for his third term, and the political situation in Tunisia remains stable.

The economy of Tunisia has been on a steady growth track in recent years, supported by sound economic management by the government, and increasing exports led by the textile sector. However, the country needs to tackle major issues to ensure sustainable growth. These include 1) enhancing industrial efficiency; 2) stabilizing production in the agricultural sector; 3) rectifying the regional economic gap; 4) securing employment, and 5) preserving the environment. In response, the government of Tunisia put in place the 9th 5-Year Plan (1997-2001).

3. Project Description

(1) Rural Water Supply Project

In Tunisia, urbanization is progressing in metropolitan Tunis while development is lagging behind in the rural areas. In response, the government has made the correction of the urban-rural gap one of the top items on the political agenda in its current development plan (1997-2001). Under this plan, the water supply system is being developed vigorously, where the Rural Water Supply Project takes center stage. The Project is mainly designed to close the gap between the urban area with a 100% water supply ratio, and the rural areas where the ratio remains around 59%.

This is a rural-development type project, which covers 17 prefectures and some 100,000 residents in Tunisia. The project aims at boosting the rural water supply ratio and upgrading the social and living environment through the improvement of the small-scale water supply infrastructure. Upon completion, the Project is expected to contribute to: (1) the stable water supply for the local residents; (2) less toiling to obtain water, thus creating better living conditions; and (3) improved hygiene that will reduce the number of water-related diseases. Besides, the Project is designed to ensure participation of the beneficiary at each stage of implementation, so as to establish a sustaining effect.

The proceeds of the loan will be applied to the purchase necessary goods, civil engineering works, consulting services, coordination work, and technical assistance required for the residents' participation.

Project executor is Direction Générale /Génie Rural, Ministère de l'Agriculture (Address: 30, rue Alain Savary 1002 Tunis, Republic of Tunisia, Tel: 216-1-891118, Fax: 216-1-288071).

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(2) Integrated Reforestation Project

The forest area in Tunisia, which was around 1.25 million hectares at the beginning of the 20th century, decreased to 368 thousand hectares by the mid-1950s due to natural disasters and accelerated deforestation. The forest area has since recovered to 843 thousand hectares through reforestation, but further efforts are necessary. Considering the fact that most of Tunisia's land consists of a semi-arid region, it is urgently necessary to continue the reforestation efforts in order to prevent soil spill (erosion ?) and preserve the environment.

This project covers four regions, namely Uedobarubara region of Jenduba prefecture, Sidiabarack-Nesfa region of Beja prefecture, Umjedor region of Kasleen prefecture, and the southern region Kefu of Kefu prefecture. The project aims to 1) improve forest conditions (forest maintenance, rehabilitation of the forest ecosystem, preservation of water and soil) and develop infrastructure necessary for these improvements; and 2) promote development in the forestry sector (regional improvement, research, human resources development, and forestry management). Upon completion, the project is expected to contribute to sustainable utilization of forest resources, improvement in economic and social living conditions for the local residents, preservation of the ecosystem, and preservation of water and soil.

The proceeds of the loan will be applied to purchase necessary goods, civil engineering works, and consulting services (coordination work, and research and planning support) for the project.

Project executor is Direction Générale des Forêts, Ministère de l'Agriculture (Address: 30, rue Alain Savary 1002 Tunis, Republic of Tunisia, Tel: 216-1-891141, Fax: 216-1-801922).

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(3) Telecommunications Network Development Project (III)

The telecommunications network in Tunisia has improved as part of the 8th 5-Year Plan that covered 1992 through 1996. These efforts, however, could not meet the drastic

increase in the telecommunications volume during the same period, and the country is still facing such problems as communication interruption and line congestion. Further, according to the 9th 5-Year Plan (1997-2001), the number of telephone subscribers including mobile phones is forecast to reach 1.4 million people in 2001, a sharp increase from 0.65 million in 1997. Therefore, expansion in the telecommunications network is necessary in addition to increasing the number of switching devices. Also, the regions (mainly under populated regions) where telephone lines have not been installed or are in short supply require Wireless Local Loops (WLL)* and need to be provided with telecommunications services.

This Project aims to 1) construct microwave (wireless transmission routes) and optical fiber cables (cable transmission routes) as feeder transmission lines in Tunisia; and 2) set up WLL as part of the subscriber network to provide general telephone services to areas that are currently not connected to telephone lines.

With the improvement in digital communications as main lines, the reliability of telecommunications lines and communication speed will be improved in Tunisia, which will eventually lead to the stability and revitalization of the economic infrastructure in the country. Also, the introduction of WLL is expected to revitalize the regions that will have access to telephone lines for the first time.

The proceeds of the loan will be applied to purchase necessary goods and civil engineering works required for this project.

Project executor is Tunisie (Address: Rue-Asdrubal, 1002 Tunis, Republic of Tunisia, Tel: 216-1-801717, Fax: 216-1-800777).

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*WLL: a wireless network that connects base stations and fixed terminals. ([back](#))