

JBIC PROVIDES LOAN FOR RURAL WATER SUPPLY PROJECT IN MOROCCO **ODA Loan to Office National de l'Eau Potable of the Kingdom of Morocco**

Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed today at its Head Office in Tokyo an agreement to provide an ODA loan totaling 5.004 billion yen to the Office National de l'Eau Potable (ONEP) of the Kingdom of Morocco for the country's Rural Water Supply Project (I). With this loan, JBIC's total ODA loan commitments to Morocco to date amount to 116.982 billion yen for 15 projects.

In Morocco social infrastructure development is lagging in rural areas compared with urban areas, and the difference of development level between them poses a major problem for the country's sustainable development and social stability. To reduce this difference, the Moroccan government has been undertaking a rural water supply development program through ONEP and the Ministry of Equipment since 1996. Under this program about 11 million people in 31 thousand villages will gain access to water supplies across the country. This will increase the now low coverage of the population with water supply systems (only 20 per cent is connected to systems) and achieve a stable supply of water. This program has received financial assistance from the World Bank, KfW in Germany and AFD in France.

JBIC's loan is directed toward helping the rural water supply project undertaken by the Moroccan government through the expansion of the existing water supply systems in the three provinces of Fes, Safi and Tiznit. This will provide a stable water supply to about 140,000 residents, thus achieving better living conditions in rural areas.

(See Appendix for details.)

LOAN TO SUPPORT MOROCCO'S RURAL WATER SUPPLY PROJECT

Reducing Difference in Development between Rural and Urban Areas

Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed today at its Head Office in Tokyo an agreement to provide an ODA loan totaling 5.004 billion yen to the Office National de l'Eau Potable (ONEP) of the Kingdom of Morocco for the country's Rural Water Supply Project (I).

JBIC Governor Yasuda and Mr. Mohamed Tangi, Ambassador Extraordinary and Plenipotentiary of the Kingdom of Morocco, signed the loan agreement. With this loan, JBIC's total ODA loan commitments to Morocco to date amount to 116.982 billion yen for 15 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 (I)	5,004	1.7*	0.75**	30/10	40/10	General Untied	Bilateral Tied

* Standard environmental project

** Special environmental project

2. Morocco's Political and Economic Status

Situated in North Africa, the Kingdom of Morocco is a constitutional monarchy with a King as head of state. After King Hassan II died in July 1999, King Mohamed VI succeeded to the throne and has since followed the basic policies laid down by the previous king. The present government led by Prime Minister Youssefi has shifted its emphasis to a social policy since it came to power two years ago, while maintaining moderate political and economic policies. The country enjoys political stability.

Despite the economic crisis that struck Morocco in the first half of the 1980s, its efforts to achieve structural adjustment have led to macroeconomic stability since the 1990s. At the same time, since agricultural production, which is vulnerable to rainfall, occupies an important part of its economic activity, the economy is susceptible to changes in the natural environment, including droughts. The manufacturing industry accounts for about 20 per cent of GDP, but its predominant portion is centered on light industry products such as textiles and leather and phosphates including phosphoric acid and phosphorus fertilizer. Thus the country is in need of a more diversified industrial base. In addition, as Morocco aims to form a free trade zone with the European Union by 2008, strengthening competitiveness is on its economic agenda as it looks to the future.

3. Project Description

Rural Water Supply Project

In Morocco social infrastructure development is lagging in rural areas compared with urban areas, and the difference in the development level between the two poses a major problem for the country's sustainable development and social stability. To reduce this difference, the Moroccan government has been undertaking a rural water supply development program through ONEP and the Ministry of Equipment since 1996. Under the program, about 11 million people in 31 thousand villages will gain access to water supplies across the country. This is an effort to improve the coverage of the population with water supply systems (only 20 per cent is now connected to systems) and provide a stable supply of water. This program has received financial assistance from the World Bank, KfW of Germany and AFD of France, etc

JBIC's loan is aimed at helping the rural water supply project being undertaken by the Moroccan government with the expansion of existing water supply systems in the three provinces of Fes, Safi and Tiznit, thereby providing a stable supply of water to about 140,000 residents and improving the living conditions in rural areas.

The proceeds of the loan will be used to the purchase of equipment, materials and civil works as well as consulting services (assistance for bidding, supervision of construction works etc.) for the project.

The executing agency of the project is the Office National de l'Eau Potable (ONEP) (Address 6. Bis, Rue Patrice Lumumba, Rabat, Kingdom of Morocco; Phone: 212-7-76-12-81; Fax: 212-7-76-72-46).