

## **ODA LOAN FOR UZBEKISTAN**

### **To Support Human Resources Development**

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1. Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed a loan agreement today totaling 6,347 million yen with the Republic of Uzbekistan to give support to the Senior Secondary Education Project in Uzbekistan. With this loan, the cumulative ODA loan commitments of JBIC to Uzbekistan numbered six and amounted to 56,238 million yen.
2. This loan will support the country's 50 agricultural schools, and will finance human resources development programs, including training of teachers in Japan, procurement of equipment for improving educational facilities and related consulting services.
3. In Uzbekistan, 50 percent of the population of 24 million is below 20 years of age. This large proportion of young people makes clear the central importance of developing the educational sector. However, outdated educational equipment and a shortage of human resources in the technology sector have posed serious problems. There is an urgent need for the country to address these issues as well as to raise the educational system to a level capable of fostering the development of young people who will support the socioeconomic transition in moving toward a market economy. Under these circumstances the Government of Uzbekistan has been trying to improve secondary and high school education for 15-18 years olds based on the National Program for Personnel Training law which was enacted in 1997. Its central focus is on vocational training in senior high schools, and in particular, special education in agriculture, because it is the most important industry in the country. The agricultural sector accounts for 30% of the GDP and 40% of employment.
4. It is expected that this loan will help develop human resources with professional expertise to modernize and diversify industries in a market economy.

(See Appendix for details.)

# ODA LOAN FOR UZBEKISTAN

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Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed today a loan agreement totaling 6,347 million yen with the Republic of Uzbekistan to give support to the Senior Secondary Education Project in Uzbekistan.

The signing took place between Youseki Nagase, Deputy Governor and Managing Director, JBIC, and Mr. M. B. Nurmuradov, Minister of Finance, the Republic of Uzbekistan.

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### 1. Loan Amount and Conditions

Project Name	Amount (Mil. yen)	Interest Rate (%/Year)	Repayment Period/ Grace Period (Years)	Tying Status
Senior Secondary Education Project	6,347	0.75*	40/10	Bilateral Tied

\*Special concessional interest rate to support efforts for human resources development

### 2. The Republic of Uzbekistan

The Republic of Uzbekistan is one of the five Central Asian countries that achieved independence from the former Soviet Union in 1991, and has the largest population totaling 24 million as of the end of 1999 among the nations in Central Asia. The country is not only a producer of cotton and gold, but is also endowed with other rich natural resources such as petroleum and natural gas. Politically, Uzbekistan has been enjoying stability under the strong leadership of President Kalimov, the first president of the Republic, who has paid thoughtful attention to the minority and other sensitive issues.

Having adopted a policy of gradual transition from a planned economy to a market economy, Uzbekistan posted a GDP growth of 1.6% over the previous year in 1996, the first positive figure since independence. The country's economy continued to grow through 1999, and is expected to mark another increase in 2000, supported by bustling production activities in the agriculture and manufacturing sectors. At the moment, the government faces a challenge implementing structural reform, including privatization of the state enterprises, with the purpose of ensuring further transition to a market economy.

### 3. Project Outline

Senior Secondary Education Project

#### (i) Background and Necessity of the Project

In Uzbekistan, 50 percent of its population of 24 million is below 20 years of age. This large proportion of young people makes clear the central importance of developing the educational sector.

The country's primary and lower secondary education remains at a relatively high level, due to the beneficial educational heritage from the former Soviet Union era, with enrollment at the primary school level at virtually 100% and with a national literacy rate above 97%. An urgent need facing the educational sector is to maintain basic education at this high level as well as to improve the educational system to a level capable of developing young people who will support the socioeconomic transition in moving toward a market economy. Many of the Russian engineers and academics, who had supported the country's industry in the former Soviet era, left Uzbekistan after its independence. This resulted in a serious shortage of human resources in the technological sector. Regarding high school education for 10th graders (15-year olds) and older, educational equipment used at schools is outdated to such an extent that using them is becoming impossible. This poses an obstacle to realization of an educational level that is necessary to nurture human resources to cope with a market economy.

Under these circumstances the Government of Uzbekistan enacted the National Program for Personnel Training in 1997, which aims at improving and expanding senior three-year highschool education for 15-18 years olds, with a focus on vocational senior high schools. Enrolling some 90% of students who finish the basic nine-year education, vocational senior high schools are the pillars of education and provide education that helps students to acquire expert technology knowledge for individual sectors such as agriculture and industry. The government wants to foster human resources with basic and professional expertise necessary to diversify and modernize of industries in a market economy. Its central focus is vocational senior high schools, and in particular, special education in agriculture, because it is the most important industry in the country, accounting for 30% of the GDP and 40% of employment.

#### (ii) Purpose and Description of the Project

The Purpose of the project is to conduct programs designed to foster human resources who will be engaged in education, and to supply educational equipment to 50 agricultural schools, which are particularly in need of aid, out of some 1,600 vocational schools scheduled to be improved under the educational sector reform. The National Program for Personnel Training intends to transfer expertise and technology from the agricultural education sector in Japan by inviting teachers from the 50 schools covered by the Project. They will be given training in Japan in the management of schools and methods to use the agricultural and other educational equipment.

The Proceeds of the loan will be used for procuring the equipment and consulting services for implementing the personnel program and assisting in procurement necessary for the Project.

The Project executor is the Center of Secondary Special and Vocational Education under the Ministry of Higher and Secondary Special Education (Address: 5 Mustaquillik Square, Tashkent, 700078, the Republic of Uzbekistan; Phone: 998-71-139-1718; Fax: 998-71-139-4386).

#### (2) Agadir Water Supply Project

##### (i) Background and Necessity of the Project

Situated in a semiarid region, water is a valuable source of life and economic development for Morocco. Morocco has always put its highest priority on securing water, and has continued to facilitate water resource development and water supply facilities, when considering agendas for its development plan. Although 86 percent of the population in urban area have access to water supply facilities as of 1998, medium-sized or large cities are facing with an urgent need of increasing water supply capacity due to rapid urbanization in Morocco, and thus infrastructure development is underway. The project will focus on Agadir, a major city in the southwest region that has experienced a sharp increase of water demand due to the growing tourism industry. The demand for water is expected to reach the maximum water supply capacity by 2004. In response to sharp increases of water demand, JBIC has been extending ODA loans in the past: In 1995, the Water Supply Improvement Project that covered 18 regional cities, and in 1997, the Water Supply Improvement Project II that constructed water supply systems in Oujda, situated in the eastern part of Morocco, and Safi, in the western part of the country.

##### (ii) Objective and Description of the Project

The objective of the project is to develop a new water supply system for Agadir, one of the major cities in the southwest region, by pulling water from the Ait Hammou Dam which is currently under construction (completion expected for March 2002). The project will ensure supply of safe water for the residents of 8 districts around the city of Agadir up to 2018 through newly installed water supply system. This project is expected to contribute to the sustainable development of the city which is a Mecca of tourism and fishing ports of Morocco and to improve its living environment.

The executing agency is the Office National de l'Eau Potable, Division de Génie Civil, Direction d'Equipment; (Address: 6 bis, rue Patrice Lumumba, Rabat, The Kingdom of Morocco; Phone: 212-37-76-12-81; Fax: 212-37-76-72-47).

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