

SIGNING OF ODA LOAN AGREEMENT FOR MOROCCO

- In Support of National Railway and Water Supply Service -

1. Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) decided to extend loans totaling up to 11.359 billion yen for the two projects in the Kingdom of Morocco and signed loan agreements today at its head office. The two projects are: Meknes-Fes Track Doubling Project, to be undertaken by Office National des Chemins de Fer (ONCF), and Agadir Water Supply Project, to be undertaken by Office National de l' Eau Potable(ONEP). With these loans, the cumulative ODA loan commitments of JBIC to Morocco numbered 18, totaling 130.803 billion yen.
2. Meknes-Fes Track Doubling Project is a part of the 320 kilometer track doubling project between Casablanca and Fes, which covers the final 57 kilometer segment between the cities of Meknes and Fes. The loan extended to the Meknes-Fes Track Doubling Project will provide financial support for procurement of materials, equipment and services for doubling a single-track line, installing double-track lines and improving the rectification of existing tracks. The loan extended to the Agadir Water Supply Project is designed to finance procurement of materials, equipment, services, and consulting services necessary for constructing water supply facilities, which include water treatment plants and pumping stations.
3. The area between Casablanca and Fes is the country's axis of economic development. Since 1975, doubling the track of this 320-kilometer rail link has proceeded step by step to strengthen its transport capacity. This project addresses the final segment of the overall project. At present, transport capacity of this single track route has reached satiation, and doubling of the track of this whole route is designated as one of the main projects in the railway sector in the country' s 5-year Development Plan. The objective of this project is to double the track, strengthen the transport capacity, speed up trains, cut transport time and improve safety and punctual operation. It is expected that completion of doubling of the track between Casablanca and Fez by this project will contribute to economic development of the area along the track. This is cofinanced with the European Investment Bank (EIB) and the Government of France.
4. On the other hand, economic growth has brought rapid urbanization in Morocco where medium-sized or large cities are facing with an urgent need of increasing water supply capacity. Agadir, one of the major cities in the southwest region has experienced a sharp increase of water demand due to the growing tourism industry. It is anticipated that water supply capacity will fall short of demand by 2004. The objective of the Agadir Water Supply Project is to 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 sustainable development of the city which is a Mecca of tourism and fishing ports of Morocco and to improve its living environment.

(See Appendix for details.)

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The signing took place at the JBIC Head Office in Tokyo between H.E. Mr. Mohamed Tangi, Ambassador Extraordinary and Plenipotentiary of the Kingdom of Morocco in Japan, and Governor Hiroshi Yasuda of JBIC.

With these loans, cumulative ODA loan commitments of JBIC to Morocco numbered 18, and amounted to 130.803 billion yen.

1. Loan Amount and Conditions

Project Name	Loan Amount (Mil. yen)	Interest Rate (%)		Repayment Period/ Grace Period (Years)		Tying Status	
		Goods and Services	Consulting Services	Goods and Services	Consulting Services	Goods and Services	Consulting Service
Meknes-Fes Track Doubling Project	4,947	2.2	-	30/10	-	General Untied	-
Agadir Water Supply Project	6,412	1.70	0.75	30/10	40/10	General Untied	Bilateral Tied

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. When King Hassan II passed away in July 1999 after a reign of 38 years, 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 Yousseoufi has maintained moderate political and economic policies, while putting emphasis on social policies since it came to power two years ago. 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. On the other hand, the economy is susceptible to changes of the natural environment such as droughts. For example, agricultural production, which is one of the main industries of Morocco, is easily affected by rainfall. 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 products including phosphoric acid and phosphorus fertilizer. Thus the country is in need of a more diversified industrial base. In addition, as Morocco aims to create a free trade zone with the European Union by 2010, strengthening competitiveness is on its economic agenda toward the future.

3. Project Outline

(1) Meknes-Fes Track Doubling Project

(i) Background and Necessity of the Project

ONCF runs railroad projects in Morocco and has already constructed a railroad network totaling 1,907 km. ONCF has undertaken the institutional reform in the railroad sector and new investment has been executed in selective areas in order to strengthen competitiveness in road transportation. In particular, the area between Casablanca and Fes is the country's axis of economic development. Since 1975, doubling the track of this 320-kilometer rail link has proceeded step by step to strengthen transport capacity in this area. At present, of the overall project, the final 57 km segment between Meknes and Fes remains to be completed. Traffic on this route has reached saturation, and doubling of the track there is designated as one of the main projects in the railway sector in the country's 5-year Development Plan.

(ii) Objective and Description of the Project

The objective of this project is to double the track, strengthen the transport capacity by improving the railway route, speed up trains and cut transport time by reducing the number of curves, and improve safety and punctual operation by eradicating grade crossings. It is expected that completion of doubling of the track between Casablanca and Fez by this project will contribute to economic development of the area along the track. This is cofinanced with the European Investment Bank (EIB) and the Government of France.

The executing agency is the ONCF-Office National Des Chemins de Fer (Address: 8 bis, rue Abderrahmane, El Ghafiri, Agdal, Rabat, The Kingdom of Morocco; Phone: 212-37-77-96-23; Fax: 212-37-77-39-19).

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(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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