

JBIC SIGNS ODA LOAN AGREEMENT WITH TUNISIA

- To Reduce Traffic Congestion and Air Pollution -

1. Japan Bank for International Cooperation (JBIC; Governor: Hiroshi Yasuda) signed today an agreement with the government of Tunisia at its head office in Tokyo to provide a loan totaling 13,171 million yen for the Metropolitan Railway Electrification Project in Tunis. With this loan, the cumulative ODA loan commitments by JBIC to the Republic of Tunisia number 24, and total 153,461 million yen.
2. The proceeds of the loan will be used for procurement of materials, equipment and services(the procurement of railway cars and consulting services)necessary for electrification of the 23km-railway (Tunis - Borj Cedria;) as well as the expansion and electrification of the depot in Borj Cedria.
3. The government of Tunisia has been carrying out a transportation sector development plan under the Ninth National Development Plan (1997 - 2001). The reduction of urban traffic congestion, resulting from the rapid urbanization and population growth, is considered one of the priorities for investment. The recent population growth has led to the expansion of the Tunis Metropolitan area, which is the country's economic, social and administrative capital with a population of some 2 million. As a result, the metropolitan area faces a serious rush-hour traffic congestion problem and consequently, environmental aggravation.
4. The loan is expected to help improve the transportation capacity of the metropolitan railway, reduce traffic congestion by encouraging a shift from road transportation, and contribute to the alleviation of air pollution and other improvements in the environment.

(See Appendix for details.)

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The signing took place at the head office of JBIC in Tokyo between JBIC Governor Hiroshi Yasuda and H.E. Mr. Salah HANNACHI, Ambassador Extraordinary and Plenipotentiary of Tunisia to Japan.

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1. Loan Amount and Conditions

Project Name	Amount (Mil. Yen)	Interest Rate (%/Year)		Repayment Period/Grace Period (Years)		Tying Status	
		Goods and Services	Consulting Services	Goods and Services	Consulting Services	Goods and Services	Consulting Services
Metropolitan Railway Electrification Project	13,171	2.20	0.75*	25/7	40/10	General Untied	Bilateral Tied

*Interest rate for Special Environmental Project

2. The Republic of Tunisia

The Republic of Tunisia, a Muslim nation located in North Africa, achieved independence from France and became a republic in 1956. President Ben Ali, who has been in office since 1987 (reelected in October 1999), is steering the country toward democracy and the market economy.

On the economic front, Tunisia was dealt a temporary blow in its foreign investment, exports and tourism revenue by the Gulf War.

However, in recent years, it has been on a steady growth path underpinned by vigorous investment and brisk exports, namely textiles.

Currently under the Ninth National Development Plan (1997 - 2001), Tunisia is expected to become a significant trading base in the free trade agreement with EU targeted for the year 2010. The government of Tunisia, which is continuing to promote the market economy and liberalization of the economy, is seeking to further improve the investment environment, to encourage technology transfer, and to enhance the competitive edge of domestic industries by the upgrading of infrastructure.

3. Project Outline

(1) Metropolitan Railway Electrification Project

(i) Background and Necessity of the Project

The government of Tunisia has been proceeding with a transportation sector development plan under the Ninth National Development Plan (1997 - 2001). The reduction of urban traffic congestion, resulting from the rapid urbanization and population growth, is considered one of the priorities in the investment field. The recent population growth has led to expansion of the Tunis Metropolitan area, which is the country's economic, social and administrative capital with a population of some 2 million. As a result, the area faces a serious rush-hour traffic congestion problem and consequently, environmental aggravation.

(ii) Objective and Description of the Project

The objective of the project is to electrify the 23km-railway (Tunis - Borj Cedria) in the southern part of the Tunis metropolitan area, to expand and electrify the depot in Borj Cedria, and to procure train cars. This is an effort to respond to the ever growing transportation demand on the Tunis suburban line with 210,000 people currently residing near the railway, which is estimated to surge to 300,000 in 2006). The project is expected to help improve the transportation capacity of the metropolitan railway, reduce traffic congestion by encouraging a shift from road transportation, and contribute to the alleviation of air pollution and other environmental problems. JBIC earlier contributed to the reduction of congestion in the Tunis metropolitan area, by giving financial support for the Rades-La Goulette Bridge Construction Project, for which a loan agreement was signed in March 1999.

The Project executor is Société Nationale des Chemins de Fer Tunisiens (SNCFT) (Address: Gare Centrale de Tunis, Tunis, Republic of Tunisia; Phone: 216-1-334-444; Fax: 216-1-900-140).

[back to project list]