

JBIC Signs an ODA Loan with Brazil **—Supporting Supply of Drinking Water in Water Resource-Scarce Northeastern Brazil—**

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today an ODA loan agreement totaling 3,595 million yen with the Government of the Federative Republic of Brazil to finance the Northeast Water Resources Development Project to be implemented by the Ministry of National Integration.
2. The loan will provide funds for civil works and procurement of equipment and materials as well as consulting services for the development of water supply facilities including water intakes, water treatment plants and water transmission facilities in northeastern Brazil.
3. The northeastern region in Brazil stretches approximately 2.1 million square kilometers (approximately 6 times as large as Japan) and has the driest climate in the country. The region has thus an urgent need for appropriate water resources development and management, including efficient allocation of scant water resources among different uses (such as drinking, farming and industry). To bring stable water supplies in the semi-arid northeastern region, the Federal Government has launched the Federal Water Resources Management Project (PROAGUA), aimed at putting in place comprehensive water resources management systems for water use in each watershed area, while pushing forward development of water supply facilities in order to use water resources allocated for drinking water. As part of the PROAGUA, this project supports development of water supply facilities.
4. The 3rd World Water Forum sets forth that prioritizing water issues is an urgent global requirement. Indeed, achieving a U.N. Millennium Development Goal (MDG) of halving the population without access to safe water by 2015 calls for a vast amount of investment on water supply and sanitation facilities. This project is in line with strengthened efforts to address global water issues.
5. In addition, developing water supply facilities, which provide a lifeline to local populations, in the northeastern Brazil will help to decrease regional disparities by improving their living conditions, and ultimately contribute to stable economic development in Brazil.

(See Appendix for details)

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period/ Grace Period (Year)		Procurement	
		Goods and Services	Consulting Services	Goods and Services	Consulting Services	Goods and Services	Consulting Services
Northeast Water Resources Development Project	3,595	2.5	1.8*	25/7	25/7	General Untied	General Untied

* Interest Rate for General Environment Project

2. Outline of the Project

Northeast Water Resources Development Project

(1) Background and Necessity of the Project

The northeastern region, particularly inland, is characterized by high temperature and a dry climate and known to be the driest region in the country. As the region did not make efficient use of scant water resources from a long-term, comprehensive perspective, appropriate water resources development and management have not been implemented, bringing a bias toward water use in certain specific sectors such as irrigation. This has led to shortages of drinking water in local communities.

To improve this situation, there is an urgent need to build institutional capacities for the integrated development and management of water resources that meets demand in individual areas.

(2) Purpose and Description of the Project

The purpose of this project is to bring safe and stable water supplies to local populations and improve their living conditions in the northeastern region of Brazil where water resources are scarce. For this purpose, efficient water supply systems will be established by constructing water intakes, water transmission lines, water treatment plants, reservoirs and other related facilities. Specifically, the Federal Government conducts an appraisal of subprojects that have been prepared by the 10 states constituting the northeastern region, a geographical area stretching approximately 2.1 million square kilometers (approximately 6 times as large as Japan). And financing will be provided for those subprojects of which the Federal Government identifies high needs and priority. The proceeds of the loan will be applied to civil works, procurement of equipment and materials, and consulting service.

The executing agency is the Ministry of National Integration (MIN).

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