

Signing ODA Loan Agreement with Algeria

--Supporting Improvement in Educational Environment in Earthquake-Affected Northern Region--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today a loan agreement totaling 1,943 million yen with the Government of the People's Democratic Republic of Algeria for the Earthquake-Affected Education Sector Reconstruction Project.
2. The loan will finance equipment and civil works for rebuilding 26 primary schools, 4 junior high schools and 6 senior high schools that suffered heaviest damage in the Northern Algeria Earthquake that hit the country in May 2003. These schools are located in Boumerdes and Alger Provinces, the region hit hardest by the earthquake that measured 6.7 on the Richter scale and whose epicenter was off the coast of Zemmouri in Boumerdes Province, 70 kilometers east of the capital city of Algiers.
3. The damage caused by the Northern Algeria Earthquake spread across an extensive area that covered both these provinces, leaving a total of 2,274 dead, 11,452 injured, and about 1.8 million houses damaged. Many facilities providing public services either collapsed or were rendered inoperative. In particular, the school facilities in these two provinces sustained heavy damages. As a result, these schools had to resort to emergency measures to continue classes, including: (i) using classrooms in the neighboring schools or their dormitories; (ii) moving to makeshift schools; and (iii) making emergency repairs to the damaged school buildings and using them. However, as shortages in classrooms and educational equipment have led to deterioration in the educational environment, these schools have been forced back into operating on a two-shift system^[1], which the country has been aiming to abolish as a policy goal. Furthermore, there are concerns over the earthquake resistance of the facilities given the emergency repairs that were conducted and makeshift school buildings that were constructed. The Project is undertaken against such a background. JBIC will thus support improvements in the educational environment with an ODA loan.
4. Based on developments at the Third Tokyo International Conference on African Development (TICAD III) in 2003 and Asia-Africa Trade and Investment Conference in 2004, JBIC will support African countries in their efforts to reduce poverty through economic growth and to develop economic infrastructures for improving the investment climate, while supporting Japanese firms making investments in Africa in the area of natural resource development and manufacturing.

(Click here for details)

[1] Many primary schools in Algeria follow a two-shift system with shifts of either 8:00-10:30 and 13:00-15:00 or 10:30-13:00 and 15:30-17:00. The government has adopted the policy of abolishing the two-shift system by 2008.

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Earthquake-Affected Education Sector Reconstruction Project	1,943	1.5	25/7	General Untied

2. Project Executing Agency

Ministère de l' Education Nationale
Address: 14, rue Mohmoud Boudjaatit, Ruisseau, Alger, Algeria
Tel: +213-21-23-24-59 Fax: +213-21-23-28-65

3. Political and Economic Conditions in Algeria

Algeria is situated in the northern part of the African continent, bordering the Mediterranean in the north, Tunisia in the east and Morocco in the west. Its total land area extends 2.38 million square kilometers (about 6 times larger than Japan), of which 84 percent or about 2 million square kilometers is desert. The country's 31.8 million population (2003) is concentrated in 7 percent of the territory.

Though increased terrorism by Islamic fundamentalists exacerbated the domestic security situation after 1992, President Zeroual, who was elected to office in 1995, made major efforts to fight terrorism. His successor in 1999, President Bouteflika, reshuffled the cabinet aiming to restore civil order as the primary goal and reconciled with the Islamist extremists, almost ending the conflict situation.

Algeria's annual real GDP growth averaged 1.4 percent from 1991-2001, with the rate of growth rising steadily from 2.2 percent in 2000 to 2.6 percent in 2001 and 4.0 percent in 2002. Real GDP in 2003 is projected to further rise to 6.9 percent due to a rebound in the agricultural sector, healthy expansion of the production of hydrocarbon, and higher oil prices. The inflation rate, which was 30 percent in 1994, declined to the single-digit range in 1997 through the macroeconomic stabilization program supported by the IMF, and remained at 1.4 percent in 2002 and 2.6 percent in 2003.