

JBIC Provides ODA Loans for Morocco

--Supporting Improvements in the Environment, Public Health and Regional Disparities--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) will sign today two ODA loan agreements totaling in the aggregate up to 9.46 billion yen with Office National de l'Eau Potable (ONEP) and Office National de l'Electricité (ONE), state-owned water and electricity utilities, respectively, of the Kingdom of Morocco. The loans will finance the Sewerage System Development Project and the Rural Electrification Project III.
2. In the Kingdom of Morocco, improving the country's investment climate has been one of the priorities of the national development policy. The country's development agenda also includes water resource development and management, and redressing regional disparities. Thus, the Moroccan government has launched the Economic and Social Development Plan (2000-04), on the initiative of King Mohamed VI who acceded to the throne in 1999, and individual programs have been drawn up for the priority sectors. These efforts to address the important agenda have been underway in pursuit of building a stable society through sustainable growth and reduced regional disparities. These ODA loans, which constitute the ODA loan package for Morocco in FY2004, will support the national policy of Morocco, serving to reduce poverty in rural areas and improve the environment and public health.
3. The following is a brief description of the projects financed by the two ODA loans.
 - (1) Supporting Improvements in the Environment and Public Health
Water resource development and management is an important issue in the development agenda of Morocco. Within this context, JBIC has placed a focus of its ODA loan assistance on addressing environmental degradation with water pollution in urban areas. The loan will finance the rehabilitation of sewage treatment and related facilities in small and medium cities where the existing sewerage systems are not functioning adequately. The loan will thus help reduce adverse effects on the health of the community residents who have to rely on rivers as the source of domestic water.
 - (2) Supporting Poverty Reduction and Alleviation of Regional Disparities through Rural Electrification
Recognizing that poverty reduction in rural areas is a priority issue on the country's development agenda, JBIC will continue to provide support for increasing access to electricity in rural areas, thereby contributing to regional development and poverty reduction.

(Click here for details)

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Sewerage System Development Project	4,203	0.75*	40/10	General Untied
Rural Electrification Project III	5,257	0.90	20/6	General Untied
Total	9,460			

* JBIC applies more favorable interest rates to environmental projects than ordinary projects to support developing countries' efforts to address environmental problems.

2. Project Description

(1) Sewerage System Development Project

Office National de l'Eau Potable (ONEP) drew up "the medium-term investment plan for developing sewerage systems for a period of 2003-17" based on the government-drafted "master plan for developing sewerage systems across the nation". The objective of the investment plan is to develop sewerage systems during a 15-year period in all the districts where ONEP is supplying water. The Project will serve to improve living conditions in the three medium cities of Khémisset, Sidikacem and Tiflet by developing their sewerage facilities, in view of the fact that these cities have received the highest priority in the investment plan.

In small and medium cities, sewerage system development is lagging due to rapid urbanization, fiscal constraints on making capital investment, and costs of operation and maintenance. Untreated wastewater discharged into the rivers is causing serious water pollution and other environmental problems. In addition, as the country is not endowed with abundant water resources, some farmers are using polluted river water for agriculture. There is thus an urgent need to develop sewerage systems in small and medium cities for improving living conditions, environmental improvement and public health.

The proceeds of the loan will be used for building sewage treatment plants and pumping stations; rehabilitating and strengthening the existing sewer networks; improving drainage facilities; providing necessary materials and equipment; and consulting services (including a review of detailed design, assistance in the bidding process, construction supervision, environmental monitoring, and training of the staff of the project executing agency).

Project Executing Agency: Office National de l'Eau Potable, Division de l'Assainissement et de l'Environnement

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(2) Rural Electrification Project III

The Project aims to improve living standards of the population through electrification in the northern and central provinces of Morocco, where poverty incidence is high, by developing electricity distribution networks for rural villages. The Project will thereby contribute to reducing poverty and redressing regional economic and social disparities in Morocco.

The population living in poverty totals about 5.3 million (in 1998/99), of which 3.5 million, or 66%, are living in rural areas. It has been pointed out that one of the problems facing the poor people is limited access to basic infrastructure and public services such as education and healthcare. In rural areas, access to electricity remains 63%, whereas the comparable figure in urban areas has reached almost 100% (as of April 2004). Thus, increasing access to electricity in rural areas is one of the priorities for the government.

In 1995, the Government of Morocco drew up the Programme d'Electrification Rurale Global (PERG), setting the target of increasing access to electricity in rural areas to 98% by 2007. Since then, Office National de l'Electricité (ONE), which was designated the implementing agency of this Programme, has been moving forward rural electrification in three phases. In this Project, which is undertaken in the framework of the final phase of the Programme that covers 6,100 villages in 52 prefectures, about 1,200 villages scattered in 4 provinces will be electrified.

To date, JBIC has continued to support the Moroccan government, as well as ONE, for implementing the rural electrification program and providing 6 billion yen for "the Rural Electrification Project" in 1998 and 7.4 billion yen for "the Rural Electrification Project II" in 2002. This loan constitutes the third of a series of assistance to the rural electrification program.

The proceeds of the loan will be used for constructing middle-voltage (22kV) and low-voltage (220/380V) distribution lines, installing transformers and other components of the Project.

Project Executing Agency: Office National de l'Electricité

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