

JBIC Signs ODA Loan for Morocco: Supporting Economic Development through Highway Construction

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed on March 31, an ODA loan agreement totaling up to 17.726 billion yen with Société Nationale des Autoroutes du Maroc, a public enterprise for the Marrakech-Agadir Motorway Construction Project.
2. In this Project, a 4-lane highway with a length of 234 kilometers will be constructed between Marrakech, a city in the central region which is the country's center of economic activity and tourism, and Agadir located in southwestern Morocco. JBIC will finance the 46-kilometer section between Argana and Ameskrout, while other donors, including the African Development Bank (AfDB) and the Islamic Development Bank (IDB), will provide financing for other sections. The proceeds of the loan will be used for procurement of goods and services, civil works, and consulting services (supervision of implementation).
3. Morocco has been taking steps to integrate itself into the global economy. It concluded a partnership agreement with the European Union (EU) in 1996, taking advantage of its location almost contiguous to the EU region, and a Free Trade Agreement (FTA) with the United States in 2005. At the same time, the country has been promoting trade with African countries. These developments are expected to stimulate movements of people and cargo. Thus, developing transport infrastructure is a pressing issue, as it is conducive to more efficient cargo transport and more competitive domestic industries. Particularly in Marrakech where the old section of the city, known as medina, is registered as a World Heritage site, the construction of accommodation and tourism facilities is in full swing, and there are growing numbers of tourists visiting the city every year. Agadir, a port city facing the Atlantic, is not only renowned as a summer resort, but also as an important center for the production and harvesting of agricultural produce and for marine products, as well as its export base serving to earn foreign currencies. The construction of a highway between Marrakech and Agadir under this Project is therefore expected to boost domestic cargo transport and foreign trade, as well as promote tourism, thereby helping to boost the country's economy.
4. To date, JBIC has provided ODA loans for Morocco to support development not only of economic infrastructure, such as water supply, irrigation, power facilities, and general other roads, but also of social infrastructure, such as schools. JBIC will continue to dedicate itself to supporting infrastructure development toward sustainable growth.

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1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Marrakech Agadir Motorway Construction Project	17,726	1.5	30/10	General Untied

2. Project Executing Agency

Project executing agency is Société Nationale des Autoroutes du Maroc (Address: Hay Ryad, B.P. 6526, Rabat, Morocco, Tel: 212-37-71-10-56, Fax:212-37-57-98-93).

3. Political and Economic Situation in Morocco

Morocco is the only country in Northern Africa that borders both the Mediterranean and the Atlantic and is located only 14 kilometers from the European continent across the Straits of Gibraltar.

King Mohammed VI who acceded to the throne in July 1999 launched policies with priority placed on people's lives, addressing social and educational problems. In May 2005, the government launched the National Initiative for Human Development (INDH), taking positive steps to reduce poverty and redress regional disparities in a joint public-private endeavor. In the political arena, the constitution amended in 1996 during the reign of the late King Hassan II introduced the bicameral legislature. The lower house election held in September 2002 brought to power the Jettou cabinet, a coalition of socialists, middle-of-the-road parties, and independents. In foreign relations, Morocco adheres to non-alignment but takes a realistic and moderate approach, placing importance on relations with Europe and the United States, while maintaining cooperative ties with Arab countries. Morocco and the EU, the country's largest trade partner, will mutually eliminate tariffs on their respective imports in phases by 2012. Thereby, the country is making efforts to improve competitiveness and diversify its economy toward integration into the global economy.

Morocco has a population of 30.08 million (2003) with per capita gross national income (GNI) of \$1,520 (2004). As a result of moving the modernization of its economy forward, the country has maintained stable economic growth. The government is particularly promoting the tourism sector. It launched Vision 2010, an initiative for promoting tourism, targeting 10 million tourist visits per year (compared with 4.5 million in 2003) and an increase in tourism revenue to 20% of GDP (as opposed to 8% in 2004) by 2010.