

JBIC Signs an ODA Loan Agreement with Tunisia **--Supporting Regional Development through a Water Supply Project--**

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed an ODA loan agreement today totaling 5,412 million yen for "Jendouba Rural Water Supply Project" with the Government of the Republic of Tunisia.
2. The project aims at improving access to water in the target region by developing water supply facilities, including the penstock and distribution network, in farming villages in northwestern Tunisia which have the lowest water supply service coverage in the country. This will thereby upgrade the living standards of the community residents and invigorate the regional economy. The proceeds of the loan will be used for the construction of water supply facilities and the procurement of the necessary equipment and materials, including pumps and water pipes.
3. Given that one half of its land is in semi-arid climate, Tunisia has an average annual rainfall of 300 millimeters. Thus the efficient development and management of limited water resources is an important national issue. Since the government has been making efforts to increase access to safe drinking water in the national plan, the country's urban areas have achieved almost 100% access to water. However, the comparable figure in rural areas remains at 84.9%. In particular, rural areas in the northwestern region are left behind in development due to paucity in groundwater, rugged terrain, and small villages scattered across the region. In addition, the abundant surface water in the region is being exploited as the major water source for the Tunis metropolitan area. As a result, water supply service coverage remains at 69.8% (2003), the lowest level nationwide, in the rural area of the district of Jendouba, which is the target region of the project and situated in northwestern Tunisia. Improving water supply services in rural areas is thus an urgent issue for the country.
4. Under these circumstances, JBIC is financing Jendouba Rural Water Supply Project to support greater access to water supply in rural regions, thereby improving the living standards of community residents, boosting the regional economy, and correcting regional gaps. To date, JBIC has given priority to assistance for the development and management of the limited water resources in Tunisia.[1]

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[1] JBIC has made ODA loan commitments in the cumulative amount of 43,732 million yen for seven projects in the water supply sector, and 40,098 million yen for seven projects in the irrigation sector in Tunisia.

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Jendouba Rural Water Supply Project	5,412	1.5	25/7	General Untied

2. Project Executing Agency

Société Nationale d'Exploitation et de Distribution des Eaux
 Address: Jawaher Lel Nahrou, Monfleury B.P. 1300, Tunis, Republic of Tunisia
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3. Political and Economic Situation in Tunisia

Tunisia is a Mediterranean country in northern Africa situated at the crossroad of Europe, Arabian countries, and Africa. Amidst growing concerns for issues of the Middle East which are defined by opaqueness and vulnerability, such as Middle East peace and Iraq, Tunisia maintains friendly relations with European countries despite its overwhelmingly Muslim population. The country has a moderate Muslim regime and enjoys a stable economic situation. Because of its pro-Japan policy, Japan regards Tunisia as a diplomatic pillar in the northern African region. Since this year marks the 50th anniversary of Japan-Tunisia diplomatic relations, bilateral exchanges are expected to accelerate further.

In the economic field, Tunisia signed a partnership agreement with the EU in 1995 and envisages the establishment of a Free Trade Zone with the EU in 2008. In preparation for this new arrangement the government of Tunisia is seeking to upgrade its economic power under the 10th 5-Year Economic and Social Development Plan. It has also set the following development agenda for the foreseeable future in order to brace itself for regional integration: strengthening international competitiveness, diversifying its economy, basic infrastructure development to underpin economic growth, bridging the urban-rural gap (particularly in the southern region), and others.

Tunisia has a population of 9.94 million (2004), with per capita GNI standing at US\$2,630 (2004). The country's GDP growth remains stable at a high level, registering 5.6% in 2003 and 6.0% in 2004.