

## **JBIC Signs ODA Loan Agreements with Morocco**

### **--Support for Poverty Alleviation, and Environmental and Hygiene Improvement through Reduction of Regional Disparities--**

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1. The Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed ODA loan agreements on March 30 with the aggregate amount of up to 13,756 million yen with the Government of the Kingdom of Morocco, the Holding d'Aménagement Al Omrane (Al Omrane) and the Office National de l'Eau Potable (ONEP). The loans will fund Watershed Management Project, Urban Areas Living Environment Improvement Project and Sewage System Development Project (II).
2. Morocco is instituting various measures including the reduction of regional disparities through regional development, job creation through investment promotion and diversification of industry, and alleviation of poverty. Notably, the government and the private sector are unified in an effort to eradicate poverty and redress regional disparities through the National Initiative for Human Development (INDH), proposed by His Majesty King Mohammed VI in May 2005. These ODA loans support such efforts as well as environmental and hygiene improvement through measures taken in the above-mentioned projects.

#### 3. Main features of the loans

(1) Support for preservation of forest resources through comprehensive preservation and development of forests, erosion countermeasures, and alleviation of poverty among the regional population.

Morocco is located in arid and semi-arid regions. In its mountain area, loss of forests, degraded soil and water conservation functions, flooding, and sediment deposition at dams have become serious issues. The Watershed Management Project is intended to provide comprehensive protection of forest resources in watersheds and support for the development of regional villages. JBIC is contributing to improvement of Morocco's environment as well as reducing poverty and regional disparities.

(2) Support for environmental improvement and sanitary reform

The improvement of sanitary conditions in areas adjacent to cities is an important issue for Morocco, and JBIC has also placed emphasis on support for pollution countermeasures in urban areas. The Urban Areas Living Environment Improvement Project will contribute to improve the living environment by installing basic infrastructures to unsanitary area in regional cities near Rabat so that the inhabitants would have more access to basic social services. The Sewage System Development Project (II) will contribute to the rehabilitation of existing sewage processing facilities in small and mid-sized cities. The project is also expected to reduce the adverse effects on the health of the populations of areas that draw their drinking water from rivers. These approaches are extremely important for the effective utilization of water resources in Morocco, which lies in arid and semi-arid regions.

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## Loan Amounts and Terms

Project Name	Amount (million JPY)	Interest Rate (% per annum)		Repayment period / Grace period (years)	Procurement
		Main Component	Consulting Services		
Watershed Management Project	3,165	0.75*		40/10	General untied
Urban Areas Living Environment Improvement Project	5,537	0.75*	1.5**	40/10 30/10	General untied
Sewage System Development Project (II)	5,054	0.75*		40/10	General untied
Total	13,756				

\* An interest rate lower than usual is applied for environmental initiatives, reflecting JBIC's strong support for addressing environmental issues in developing nations.

\*\* Excluding water and sewage systems, facilitation activities for local populations, and consulting services.

## 1) Watershed Management Project

This project calls for afforestation, steps to improve the livelihood of regional citizens, and other comprehensive forest preservation and development activities in the Oued Mellah watershed and the Allal El Fassi dam upper watershed. These watershed were listed among the top-priority project areas in the National Watershed Management Plan (PNABV), issued in 1996 by the Government of the Kingdom of Morocco (Haut Commissariat aux Eaux et Forêts et à la Lutte contre la Désertification (HCEFLCD)). The project will contribute to the restoration of the forest, the improvement of the living environment of local population, the preservation of the forest resources, erosion countermeasures, and the alleviation of the poverty of the targeted area.

In Morocco, which lies in arid and semi-arid zones, the effects of climate change and overgrazing have caused the loss of forests, and this has caused a decline in soil and water conservation functions. This in turn has led to problems with flooding and sedimentation at dams. Given these circumstances, the preservation of forest resources in the areas upstream of dams that are substantially damaged by erosion is a pressing issue.

The proceeds of the loan will be used for procurement of resources, machinery, and materials needed for afforestation and small-scale erosion control work, planning and execution of village development activities, and consulting services.

Project Executing Agency

Haut Commissariat aux Eaux et Forêts et à la lutte contre la Désertification (HCEFLCD)

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## 2) Urban Areas Living Environment Improvement Project

Based on the "cities without slums" program 2004 – 2010 ("VSB Programme") established in 2002 by the Ministry of Housing and Urban Planning, which has jurisdiction over housing without proper sanitation, this project entails the construction of basic infrastructure in the unsanitary urban housing areas, Sidi Taibi and Ouled M'barek, in Kenitra, a suburb of the capital city, Rabat. The project will contribute to the resolution of the environmental and sanitation problems caused by flooding of the streets and household wastewater, thereby improving the residential environment of the poorer stratum of the population in the target area. Importantly, remediation of water pollution is expected in Sidi Taibi, which is situated above the groundwater zone that supplies drinking water to the Rabat metropolitan area.

Approximately 55% of the population of Morocco, or 3 million households, live in urban areas, and the number of households grows larger with each passing year. This concentration of people in the cities has resulted in a housing shortage. At the same time, the number of residences without proper sanitation, sufficient electric power, water and sewage systems and other basic infrastructure is growing, which is degrading the residential environment. Chronic flooding and spillage of household wastewater into the streets is seriously damaging the living environment. Under the National Initiative for Human Development, addressing the issue of the urban poor is an important issue.

The proceeds of the loan will be used for the procurement of resources, machinery, and materials needed for the construction of water and sewage systems, electricity distribution networks, and the construction and widening of roads, as well as for regional housing support activities and consulting services.

Project Executing Agency

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## 3) Sewage System Development Project (II)

Based on the Nationwide Master Plan for Sewage Networks drawn up by the government of Morocco, the Medium-term Investment Plan for Developing Sewage Systems (2003 – 2017) published by the Office National de l'Eau Potable (ONEP) calls for the construction of sewage systems for all the managed districts where it supplies potable water over a fifteen-year period. In the four cities around Marrakech, which are among the areas targeted for top-priority projects, the construction of sewage systems will contribute to a higher standard of living.

The development of sewage systems in Morocco's small and mid-sized cities is lagging well behind requirements, as a result of rapid urbanization, as well as financial constraints on investment capital, and the costs of maintenance. Therefore, untreated sewage is sometimes discharged into rivers, degrading water quality and creating other environmental issues. In addition, Morocco does not enjoy abundant water resources, and some farmers use this polluted water for agriculture. The quick resolution of the problem of sewage facilities in small and mid-sized cities is essential for the improvement of the country's residential and natural environment, and from a public-health standpoint.

The proceeds of the loan will be used for procurement of the resources, machinery, and materials needed for the construction of sewage treatment facilities and pumping stations, as well as the rehabilitation, expansion, and construction of wastewater facilities of the existing sewage system, and for consulting services.

Project Executing Agency

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