

JBIC Signs ODA Loan Agreement with Maldives

--Supporting Medium and Long-Term Reconstruction from the Disaster Caused by the Tsunami in the Indian Ocean--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today an ODA loan agreement today totaling up to 2,733 million yen for the Maldives Tsunami Reconstruction Project with the Government of the Republic of Maldives. This is the first ODA loan that JBIC has provided to Maldives.
2. The ODA loan will offer medium and long-term funds to support the reconstruction of a number of port, harbor, and sewerage facilities in Maldives, which was devastated by the tsunami following the massive earthquake off the coast of Sumatra in December 2004. The project aims to recover and rehabilitate efficient passenger and freight transportation and reliable sewerage systems, thereby contributing to improving the living conditions of the residents in the affected areas and to economic recovery in Maldives.
3. In Maldives, 108 people died or went missing, more than 1,300 were injured, and more than 15,000 were displaced, and one third of the total population (of 290,000) was seriously affected and by the tsunami. The total damage is estimated at US\$470 million.[1] This amount accounts for as much as 62% of Maldives' GDP, representing the largest blow to a national economy among the affected countries. After one and a half years since the tsunami disaster, recovery efforts are shifting from emergency rehabilitation to medium and long-term reconstruction. While the assistance required for recovery amounts to US\$370 million,[2] actual assistance falls short by more than US\$100 million. Particularly, the rehabilitation of port and harbor facilities has been lagging due to a substantial lack of funding, even if they constitute a crucial transport infrastructure for the island nation. This is also true for sewerage facilities where the tsunami caused groundwater pollution. Under these circumstances, the project will support medium and long-term reconstruction in Maldives.
4. After the tsunami, the Government of Japan sent an emergency medical team, provided humanitarian relief, offered grant aid totaling 2 billion yen to support the rehabilitation of urgently-required infrastructure, and provided technical cooperation through JICA. This ODA loan follows through on these assistance efforts. To date, JBIC has provided similar support for Sri Lanka which was also severely affected by the tsunami disaster.

[\(Click here for details\)](#)

[1] Based on the joint needs assessment conducted by the World Bank, the Asian Development Bank, and the United Nations (in which JBIC also participated) from January through February 2005.

[2] Based on the National Recovery and Reconstruction Plan drawn up by the Government of Maldives in March 2005.

1. Loan Amount and Terms

| Project Name | Amount (Mil. Yen) | Interest Rate (% per annum) | Repayment Period/ Grace Period(Years) | Procurement |
|---|-------------------|---|---|----------------|
| Maldives Tsunami Reconstruction Project | 2,733 | 0.75*(for sewerage) 0.8 (for others) | 40/10* (for sewerage) 30/10 (for others) | General Untied |

*JBIC actively supports developing countries' efforts to address global issues by applying more concessional terms and lower than ordinary interest rates to environmental projects.

2. Project Executing Agency

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3. Political and Economic Conditions of Maldives

The Republic of Maldives is an island nation in the south of the Indian subcontinent. It consists of 26 atolls encompassing 1,190 islands which are scattered north-to-south across the equator in the Indian Ocean. The total land area houses a population of 290,000.

Tourism and fishing are Maldives' two largest industries. As a world-renowned tourist resort, it attracted 600,000 foreigners in 2004, twice the size of the country's population.

Japanese tourists accounted for 7.6% of the total tourists visiting the islands in 2004, which is the 4th largest, following the Italians, British, and Germans.

Politically, Maldives gained independence from its British protectorate status in 1965 and later became a republic. President Maumoon Abdul Gayoom, who first assumed office in 1978, was reelected in 2003 for his 6th term, receiving 90% of the voters' support. In recent years, progress toward democratization has accelerated. In June 2005, the country ushered in a political party system. In foreign policy, Maldives has adhered to nonalignment and a neutral policy as its cornerstone since independence and has sought good relations with all other countries. For Maldives, the rise in sea level resulting from global warming is the most critical issue for its survival because its islands could become submerged under water. Therefore, the country is striving to raise the awareness of the international community through the United Nations and other international organizations to avoid such a dire eventuality.

Although Maldives' economy grew at an annual average of almost 9% from the 1990s through 2004, it shrank by 3.6% in 2005 as a result of the affects of the tsunami.