

JBIC Signs First ODA Loan Agreement with Namibia

--Supporting Poverty Reduction through Road Improvement--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed an ODA loan agreement on August 9, totaling up to 10,091 million yen with the Government of the Republic of Namibia to finance the "Rundu-Elundu Road Upgrading Project". This is the first ODA loan JBIC has extended to Namibia. The financial assistance for this project followed the policy of the Government of Japan, which announced in April 2005 that it would double official development assistance (ODA) to Africa in the next three years.
2. The project consists of using asphalt to pave the road crossing the two regions, Kavango and Ohangwena, which stretches about 370 km from Rundu to Elundu along the border of Angola in northern Namibia. The proceeds of the loan will be used for road paving work and consulting services, including bidding assistance and implementation supervision.
3. There is a wide disparity between the rich and poor in Namibia, with many poor people living in the northern regions. The national and regional roads crossing the two northern regions are not only main regional roads serving local communities along the way but also trunk roads crossing the northern regions from east to west. Of these roads, the section between Rundu and Elundu remains unpaved, posing an obstacle to improve the standards of living of local communities and boosting economic activity. This road is also an extension of the Trans-Capriivi Highway that links the neighboring land-locked nations such as Zambia and Botswana. It is thus used as an international cargo transport route linked to Angola. However, under the present road conditions, cargo traffic on the unpaved road is limited, as most of it has to take a detour route. This project aims to improve the living standards of populations living in the two poor northern regions by paving this road, thereby facilitating trade in southern Africa and reducing poverty in the entire country.
4. In recent years, the spread of HIV/AIDS has had a major impact on the country's poor people. Therefore, the consulting services for the project include planning HIV/AIDS prevention programs and engaging in awareness-raising activities so that an increased volume of traffic resulting from road improvement will not lead to further deterioration in the country's HIV/AIDS situation.

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1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Rundu-Elundu Road Upgrading Project	10,091	0.9%	15/5	General Untied

2. Project Executing Agency

Roads Authority

Address: Private Bag 12030, Ausspannplatz, Windhoek, Namibia

Tel: 264-61-284-7026

Fax: 264-61-235-325

3. Political and Economic Situation in Namibia

Namibia is located on the western coast of southern Africa. Its land area is about 820,000 km². Of the country's population of 2 million (2004), 15% (about 240,000) is concentrated in the capital, Windhoek, with the rest scattered across the vast land whose climate ranges from semiarid to subtropical.

After gaining independence from South Africa in March 1990, the first parliamentary elections were held in 1994, which led the South West Africa People's Organization (SWAPO) to assume the reins of government. Since then, SWAPO has been moving nation building forward based on democracy and economic liberalization. The presidential and parliamentary elections held in November 2004 elected Hifikepunye Pohamba as the new president with 77% of the total vote, and he assumed office in March 2005. In foreign relations, Namibia has placed weight on diplomacy in the United Nations (UN) and served as a nonpermanent member of the UN Security Council from 1999 to 2000. It also became a member of the African Union (AU), Southern African Development Community (SADC), and other regional organizations, with an emphasis placed on action as a member of the community of southern African nations. Namibia is also seeking to strengthen economic ties with industrial countries.

The main industries in Namibia are mining, including diamond and uranium mining, agriculture, fisheries, and tourism. The economy is stable, registering 3.6% GDP growth and 5.8% inflation in 2005.