

JBIC Provides ODA Loans for Morocco

--Towards a Vibrant Africa! Supporting Poverty Reduction and Alleviation of Regional Disparities--

1. Japan Bank for International Cooperation (JBIC; Governor: Koji Tanami) signed two Japanese ODA loan agreements totaling up to 22,054 million yen in the aggregate respectively with the Office National de l'Eau Potable of the Kingdom of Morocco on March 28 to finance the Rural Water Supply Project (III) and its Caisse pour le Financement Routier on March 31 to finance the Rural Road Improvement Project.
2. Since 2001, the Moroccan economy has registered an annual average GDP growth of about 5.4%. Despite robust growth, people living in poverty still account for 14.2% of the total population, and roughly 70% of them are living in rural areas.[1] To raise their income levels and improve their living conditions, it is essential to increase their access to public services through the development of basic infrastructure, including roads, water supply facilities and power systems.
3. To address this situation, the Moroccan government and the country's private sector have been making joint efforts to reduce poverty and redress regional disparities based on the National Initiative for Human Development (INDH), prepared following a proposal made by King Mohammed VI. These ODA loans will support such efforts being made by the Moroccan government. In addition to an international pledge made in 2005 to double Japanese ODA to Africa, the government of Japan is currently considering increased assistance to the African region by looking toward the Tokyo International Conference on African Development IV (TICAD IV) scheduled for May this year. In line with this government policy, JBIC intends to give favorable consideration to the provision of Japanese ODA loans to Africa.
4. Highlights of the Projects financed are as follows:

(1) Supporting Rural Road Development for Rural Economic Development

(Rural Road Improvement Project)

While more than 80% of Morocco's major roads—highways, national roads and regional roads—are paved, prefectural, provincial and other local roads remain underdeveloped. Paved prefectural roads make up only one half of the total, and access to roads for rural community populations remains low at 54% (2005).[2] Thus the urban-rural disparity in this respect is a development issue that needs to be addressed.

In this Japanese ODA loan financed project, rural roads will be developed or upgraded in nine prefectures which have been accorded high priority in terms of access to roads and poverty reduction with a view to increasing the access to road transport for the people living near the roads and improving the efficiency of rural transport. The Project will thereby support regional economic development and poverty reduction in the targeted areas, which will lead to the alleviation of regional disparities.

(2) Supporting the Development of Rural Water Supply Facilities to Improve Living Conditions in the Northern Mountainous Areas

(Rural Water Supply Project (III))

In Morocco, more than 90% of urban areas, including the capital city of Rabat and Casablanca, have access to piped water, and even in rural areas, more than 70% on average receive water supply services. In contrast, the proportion of households having access to water is as low as 20-30% in the northern mountainous areas where water sources are scarce, access to roads is poor and villages are not distributed closely together. In these areas, it is women and children who engage in the labor of fetching water. People in these areas who use untreated water are also subject to the risk of infection by water-borne diseases. To improve these conditions, JBIC has supported the country's rural water supply system development to date.

In this Japanese ODA loan financed project, rural water supply facilities will be developed to supply safe drinking water in the three northern prefectures where only a small proportion of people have access to potable water and poverty reduction is higher than the national average. The Project will thereby support improvement in the living conditions and poverty reduction for the people living in these areas, which will lead to the alleviation of regional disparities.

(Click here for details.)

(Click here for map. [PDF/20KB])

[1] The Moroccan government defines the "poverty ratio" as the percentage of the population whose living standard is lower than the relative poverty threshold. In 2004, this threshold was 1,687DH (about 23,000 yen) per month for an average urban household (of 5.6 family members), and 1,745DH (about 24,000 yen) per month for an average rural household (of 6.4 family members).

[2] According to the Direction des Routes et de la Circulation Routière, Ministère de l'Équipement et du Transport, access to roads in a rural community is defined as "the ratio of the number of people living in the villages constituting 50 or more households and located within the 1-kilometer radius of a paved or unpaved road to the total population of the rural community."

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Rural Road Improvement Project	8,439	1.4	25/7	General Untied
Rural Water Supply Project (III)	13,615	1.4 0.01*	25/7	General Untied
Total	22,054			

*0.01% interest rate per annum (MIRAI Initiative) is applied to consulting services.

2. Project Outline

(1) Rural Road Improvement Project

(a) Project Background and Necessity

Economic activities through Morocco's transport sector play a large role in the economic and social activity of the country, accounting for approximately 6% of the GDP, while giving rise to 10% of employment in urban areas and 15% of the national budget. With regard to land transportation in particular, 90% of intercity passenger transport and 75% of freight is conveyed by road. However, development and improvement of rural roads is somewhat lagging. With the rate of paving for provincial roads at just 46% and the rate of road access for rural populations at just 54%, the disparity between urban and rural regions is striking. Under these circumstances, the development of rural roads is becoming an urgent issue.

(b) Project Objectives and Outline

This project is based on "The Second National Program of Rural Roads (PNRR-II)" (2005) established by the Moroccan government. It aims to develop and improve rural roads in nine provinces in northern, central and inland regions (where from the viewpoint of road access rates and poverty rates (Moroccan government standards) the priority is considered to be high) in order to improve traffic access for inhabitants of roadside communities, and improve transport efficiency in rural regions. This will support improvement in the living conditions and poverty reduction for the people living in these areas, which will lead to the alleviation of regional disparities. Various results have been reported from "The First National Program of Rural Roads (PNRR-I)" (1995-2005), including increased use of medical institutions (an increase in visitors to healthcare facilities), improved elementary education enrolment rates, reduced firewood-gathering work for women, increased participation in socioeconomic activities by women, increased fruit production, increased investment in the livestock industry, increased use of fertilizers and increased income from non-agricultural business. Similar effects are therefore anticipated as a result of this project.

The proceeds of the loan will be used for the development of rural roads (regional roads, provincial roads and non-classified roads).

Project Executing Agency: Direction des Routes et de la Circulation Routière, Ministère de l'Équipement et du Transport (address: BP. 6465 Madinat Al Irifane, 10100 Rabat, @TEL: +212-3771-3378, FAX: +212-3771-3405).

(2) Rural Water Supply Project (III)

(a) Project Background and Necessity

The development of infrastructure in rural areas in Morocco is seriously lagging behind that of urban areas, and as such is seen as an important developmental task. At present, the water access rate in urban areas has reached 96%, and in rural areas too it has reached an average of 77%. However, in the mountainous regions in the north where water sources are scarce, access to roads is poor and villages are not closely situated, the water access rate is low at just 25-34%. For this reason, women and children in these regions have to work collecting water, and people are exposed to the risk of infectious diseases due to the use of untreated water. Under these circumstances, an increase in water access rates in rural areas is one of the priority tasks, and JBIC has been supporting the development of regional water supply facilities in Morocco.

(b) Project Objectives and Outline

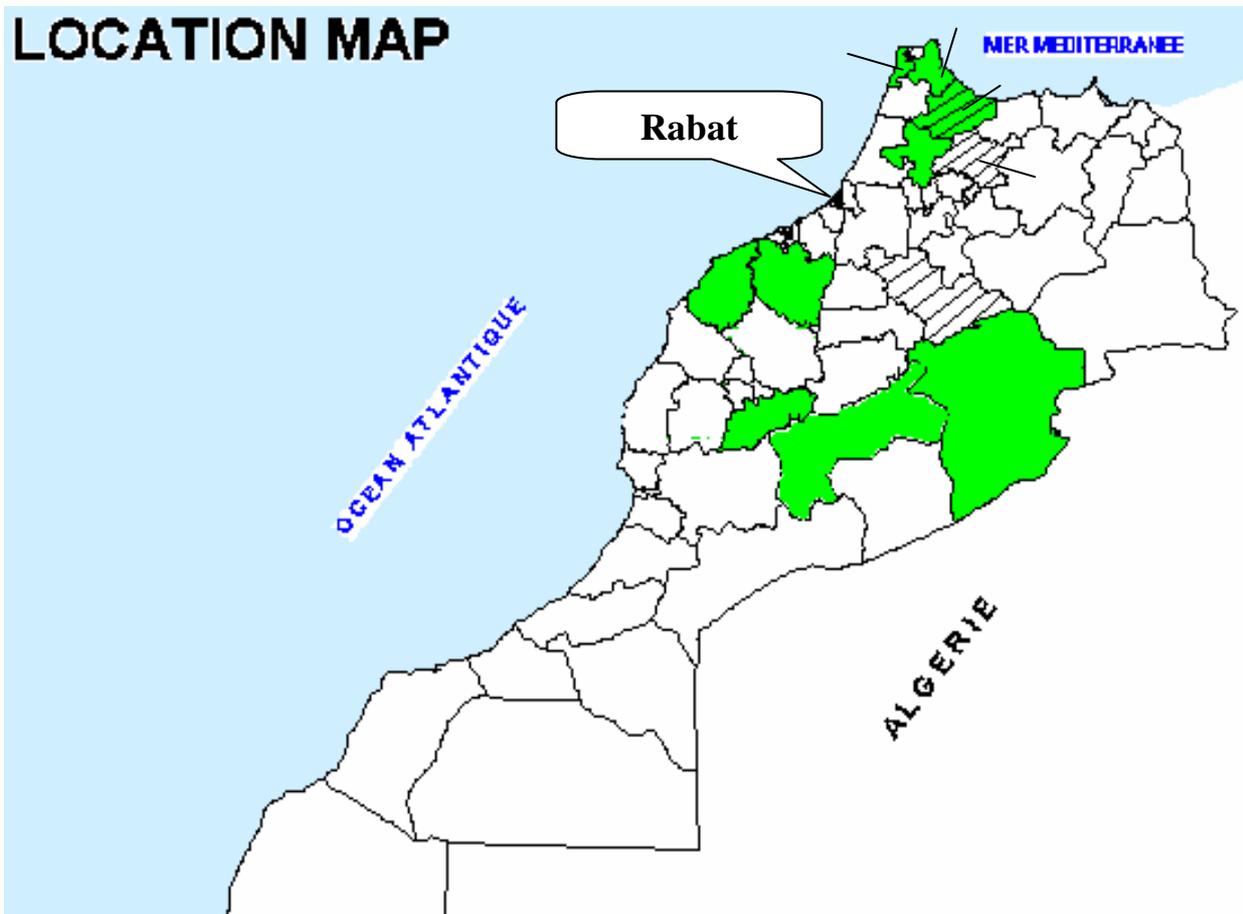
This project is based on the "Water Supply Program for Rural Populations (PAGER)" (1995) established by the Moroccan government. It aims to develop regional water supply facilities and provide safe water in mountainous regions in the north of Morocco, where the water access rate is low and the poverty rate surpasses the average level for the country (Moroccan government standards). This will support improvement in the living conditions and poverty reduction for the people living in these areas, which will lead to the alleviation of regional disparities. Through the implementation of this project, benefits for women and children in particular in the targeted regions are anticipated. Specifically, through a lessening of their water collection work, an increase in incomes for women and an increase in the rate of school attendance by children are expected. A drop in water-related infectious diseases in regions currently using untreated water is also hoped for.

The proceeds of the loan will be used for the development of water supply facilities, consulting services (review of detailed designs, bidding assistance, works supervision, social mobilization activities for regional inhabitants etc.) and so on.

Project Executing Agency: Office National de l'Eau Potable (address: Station de traitement, Avenue Mohamed Belhassan El Ouazzani, BP. Rabat Chellah, Rabat TEL: +212-3775-9134 FAX: +212-3775-1232).

《Map of ODA loan projects in Morocco for
the Japanese fiscal year 2007》

LOCATION MAP




<u>Rural Road Improvement Project (Targeted provinces)</u>
Al Haouz
Chefchaouen
El Jadida
Errachidia
Ouarzazate
Settat
Sidi Kacem
Tanger
Tetouan


<u>Rural Water Supply Project (III) (Targeted provinces)</u>
Chefchaouen
Khenifra
Taounate