

JBIC Provides First Japanese ODA Loan to Albania in 12 Years

--To support living environment improvement in the Metropolitan region through the improvement of sewage system--

1. Japan Bank for International Cooperation (JBIC; Governor: Koji Tanami) signed today a Japanese ODA loan agreement totaling up to 11,121 million yen with Republic of Albania to finance Greater Tirana Sewerage System Improvement Project. This is the first ODA loan for the country in 12 years since 1996.
2. The project aims to improve the quality of groundwater and local river water by developing sewage system, including a sewage treatment plant and wastewater collection system in Greater Tirana area, thereby improving the living environment of the residents of this area. The proceeds of the loan will be applied to procurement of necessary equipment and materials, civil works and consulting services for tender assistance, supervision of works, and strengthening of operation and maintenance (O&M) capacity.
3. Since democratization in early 1990s, Albania has continued to register a robust economic growth primarily driven by an increase in foreign investments. Particularly the economic growth of Greater Tirana area (population: 800,000), where enterprises and factories concentrate is remarkable. Despite increase in industrial and domestic wastewater due to its economic growth, the sewerage system remains undeveloped, leaving Lana River, running through the Tirana Municipality, and its surrounding area seriously polluted by the direct discharge of untreated wastewater and garbage disposal. As a result, disposed garbage and bad odor negatively affect local residents' hygienic and living environment. As a large number of people rely on wells for drinking water in downstream area, there is a concern for the groundwater pollution caused by wastewater. The project is expected to deal with these urgent issues by developing a sewage system in the region.
4. Every day, about 4,500 children around the world are dying of diseases related to contaminated water, such as cholera, typhoid and diarrhea. In the field of sanitation including toilets and sewage disposal, global-scale efforts are urgently needed in developing countries including Albania. Aiming to improve such a situation, the United Nations has designated 2008 as the International Year of Sanitation and urged the global community to enhance efforts in this sector. JBIC intends to continue its assistance for sanitation sector, including the sewage system development under this project, through the provision of Japanese ODA loans.[1]

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

[1] In an effort to contribute to the improvement of sanitation in developing countries, JBIC set up in June, 2008, jointly with Japan International Cooperation Agency (JICA), "Study Group for Japan's assistance in sanitation sector" where how to apply various hygiene technologies to developing countries will be discussed.

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period/ Grace Period (Year)		Procurement
		Project	Consulting Service	Project	Consulting Service	
Greater Tirana Sewerage System Improvement Project	11,121	0.65*	0.01	40/10*	40/10	General Untied

*These terms are more favorable than those applied to ordinary Japanese ODA loans with a view to proactively promote environmental protection measures by developing countries.

2. Project Executing Agency

Ministry of Public Works, Transport and Telecommunication
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3. Political and Economic Conditions of Albania

Located in Balkan Peninsula, central Europe, Albania shares borders with Greece, the Former Yugoslav Republic of Macedonia, Montenegro and the Republic of Kosovo. Its land area is about 1.5 times larger than the size of Japan's Shikoku, with a population of 3.1 million. With an income level (per capita GNI) standing at US\$2,960 (2006, the World Bank), Albania is classified as a middle-income developing country eligible for the Japanese ODA loans. The country's economic activities became almost paralyzed after rioters angered by pyramid schemes[1] attacked and destroyed factories and shops in 1997. However, with the support of the World Bank and IMF, Albania has been making efforts toward economic recovery. In recent years, the country registered a robust economic growth of 6.7% (2004), 5.5% (2005) and 5.0% (2006), with inflation remaining stable at 2.9% (2004), 2.3% (2005) and 2.3% (2006). The Board of Directors of the IMF gave high marks to Albania's macroeconomic performance for the past two years, by saying "Remarkable achievement in light of the regional and international standards," on one hand, while noting the persistent poverty in the country on the other. There is an urgent need to tackle poverty reduction.

[1] In January, 1997, six companies operating pyramid schemes, which were allowed to go unchecked by the government, collapsed one after another, thus fueling the anti-government demonstrations led by opposition parties in some southern cities. In the following February through March, armed confrontation between security forces and armed citizens escalated to the nationwide disputes, eventually killing around 1,500 citizens.