

Japanese ODA Loans for Morocco

Correcting Regional Disparities and Alleviating Poverty through Building a Broad, International Infrastructure and Assisting Provision of Safe Water, Priorities of the TICAD IV Yokohama Action Plan

1. On March 19, JICA (President: Sadako Ogata) signed a Japanese ODA loan agreement with the government of the Kingdom of Morocco to provide up to 8.455 billion yen for the Mediterranean Road Construction Project (II) and another Japanese ODA loan with the National Office of Drinking Water (Office National de l'Eau Potable) to provide up to 15.487 billion yen for the Provincial Cities Water Supply Project.

2. The national economy of Morocco has progressed steadily as evidenced by the rise in gross national income per capita from around 200 dollars in the 1960s to 10 times that amount or 2,580 dollars in 2008. However, the poverty rate [1] is 15 percent of the population, with 70 percent of the poor living in rural areas, making the issue of regional disparity crucial to ensuring sustained economic growth into the future. To correct regional disparities, boost the income of the poor and improve the living environment, a higher public service access rate must be achieved through such basic infrastructures as roads, water and electricity.

3. Features of the Japanese ODA loans are outlined below.

(1) Rural trunk roads to correct regional disparities and spur development

Sandwiched between a complex shoreline and a steep mountainous belt, the target region for the Mediterranean Road Construction Project (II) presents difficult conditions, and the area lags socioeconomically because of the inadequate transportation network. The **Mediterranean Road Construction Project (II)** will stimulate the local economy by improving access with other regions. At the Tokyo International Conference on African Development (TICAD IV), Japan announced support for regional infrastructure networks that connect multiple countries with major arterials for goods transportation as a driving force to accelerate growth and propel economic development in Africa. This project targets one segment of the regional infrastructure for the Agadir-Cairo Development Corridor, and the development is expected to affect not only the target region itself but North Africa overall.

(2) Improved living conditions with potable water

The Moroccan government is working with the private sector to alleviate poverty and correct regional disparities based on the National Human Development Initiative formulated by King Mohammed VI in May 2005. One area with a particularly high priority is the water supply sector. While steady growth has been seen in the access rate, a number of issues must be addressed to improve the water facilities. These issues include improving the water access rate in the country overall, transitioning from common water taps to water supplied to individual homes in rural areas, and meeting the demand for water given the rising population, urbanization and higher living standards in Morocco. The **Provincial Cities Water Supply Project** will provide a stable supply of water in urban areas where demand is growing due to the rising population, expansion in the number of regions where water is supplied and an increased number of homes with individual water access. This will improve the living environment and by extension alleviate poverty. In the TICAD IV Yokohama Action Plan, the Japanese government announced that water supply facilities would be provided to supply potable drinking water to 6.5 million people. This project will be implemented as a part of the TICAD support policy with 620,000 beneficiaries.

4. To contribute to economic and industrial development in Morocco in a manner that is well balanced, JICA has a policy of continuing assistance that corrects regional and social disparities, strengthens economic competitiveness and provides infrastructures for sustained economic growth.

(Reference)

[1] The definition of the poverty rate according to the Moroccan government is the percentage of people having a living standard at or below the relative poverty threshold. In 2004, this threshold was Dh 1,687 (23,000 yen) per month for an average urban household (5.6 people) and Dh 1,745 (24,000 yen) for an average rural household (6.4 people).



signing ceremony

Reference

Term and Amount of Loan

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period / Grace Period (years)	Procurement
		Project	Consulting services		
Mediterranean Road Construction Project (II)	8,455	1.40	0.01	25/7	Untied
Provincial Cities Water Supply Project	15,487	1.40	0.01	25/7	Untied

(1) Mediterranean Road Construction Project (II)

Background and Necessity

In Morocco, the transportation sector account for approximately six percent of the country's gross domestic product, employing 10 percent of the urban population and providing 15 percent of the national revenue through taxes and other charges related to transportation. Within the transportation sector, road transportation plays a particularly important role for socioeconomic activities, bearing 90 percent of interurban passenger travel and 75 percent of cargo.

To solve the problem of regional disparities, the disparities between cities and rural areas must be corrected through the provision of basic infrastructures including roads. Sandwiched between a complex shoreline and a steep mountainous belt, the target region for the Mediterranean Road Construction Project (II) presents difficult conditions, and the area lags socioeconomically because of the inadequate transportation network. Constructing roads is therefore an urgent task.

Objective and Summary

The project will widen and reinforce existing roads as well as create bypasses along the Tétouan-El Jebha interval of the road connecting the major northern Moroccan city of Tangier and Saïdia on the Algerian border. The project will help correct regional disparities by improvement of the local resident's access to economic and social infrastructures. Phase (I) of this project was also funded by a Japanese ODA loan in September 2001. [1] The loan will be allocated to the procurement of materials and equipment, civil works and consulting services. The project focuses on a portion of the wide-range infrastructures forming a portion of the Agadir-Cairo Development Corridor, which transverses North African nations.

Executing Agency

Directorate of Roads, Ministry of Equipment and Transport
Address: B.P. 6226, 10100, Madinat Al Irfane, Rabat, Royaume du Maroc
Tel: +212 (537) 713-528, Fax: +212 (537) 713-261

Planned Implementation Schedule

- (1) Completion of project: June 2011 – when the road is placed in service
- (2) Issuing of letters of invitation for consulting services (including detailed design work): already hired at the Phase (I).
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction: already contracted at the Phase (I).

(2) Provincial Cities Water Supply Project

Background and Necessity

To correct regional disparities, boost the income of the poor and improve the living environment, a higher public service access rate must be achieved through such basic infrastructures as roads, water and electricity. Under the National Human Development Initiative, the government and private sectors are working together to alleviate poverty and correct regional disparities. In the priority area of public water supply, issues which need to be addressed include improving the water access rate in the country overall, transitioning from common water taps to water supplied to individual homes in rural areas, and meeting the demand for water given the rising population, urbanization and higher living standards in Morocco.

Objective and Summary

Under the Provincial Cities Water Supply Project, water supply facilities will be built in Khemisset in north-central Morocco as well as regional cities and villages in and around Khouribga in central Morocco. This will provide a stable supply of water to those regions, improving the living environment for residents and contributing to the economic development. The loan will be allocated to the procurement of materials and equipment, engineering works, and construction as well as to consulting services for tender assistance and construction monitoring.

Executing Agency

National Office of Drinking Water
Address: Station de traitement, Avenue Mohamed Belhassan El Ouazzani, BP. Rabat Chellah, Rabat
Tel: +212 (537) 75-9134, Fax: +212 (537) 75-1232

Planned Implementation Schedule

- (1) Completion of project: June 2013 – when the facilities are placed into service
- (2) Issuing of letters of invitation for consulting services: already sent
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package title: Khemisset Water Treatment Plant Package
Release date: April 2010

[1] <http://www.jica.go.jp/press/archives/jbic/autocontents/japanese/news/2001/000077/> (Japanese)