

## Japanese ODA Loan Signed with Iraq

### Regionally Balanced Support for Mid-western and Northern Iraq toward Full Socioeconomic Reconstruction

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1. Today, JICA (President: Sadako Ogata) signed a Japanese ODA loan agreement with the government of the Republic of Iraq for up to 87.84 billion yen for a total of three projects (Reference). This brings the total of Japanese ODA loans for reconstruction assistance in Iraq to 364.64 billion yen (approximately 3.28 billion dollars) in 15 projects (refer to the map (PDF/275KB)).

2. The first of the present three projects is the Water Supply Sector Loan Project in Mid-Western Iraq, whose objective is to rehabilitate and construct water facilities to provide a stable supply of potable water to the mid-western region of Iraq covering the governorates of Anbar, Ninawa and Salah ad-Din. The second project is the Al-Alkazz Gas Power Plant Construction Project, whose objective is to provide a gas thermal power station in Anbar Governorate in the mid-western region of Iraq to increase the supply of power in the region. The third project is the Deralok Hydropower Plant Construction Project, under which a hydropower plant and other facilities will be constructed in Dahuk Governorate of the Kurdistan Region in northern Iraq to increase the supply of power in the region.

3. Since the 1980s, Iraq has been repeatedly visited by war and been subject to economic sanctions by the international community, causing a dramatic drop in the function of such basic infrastructures as electricity and water. After the War in 2003, peace and public order were not secured, restricting the implementation of reconstruction and development projects by the Iraqi government and donors particularly in the mid-western region. The Kurdistan Region in the north suffered particularly from oppression by the former Hussein regime and the infrastructure has gone without investment for a long time.

4. Even now, seven years after the War, the daily life of Iraqi people are under the difficult circumstances. Although electrical power is the foundation for all social and economic activities, the ability of the electrical power sector to function has dropped dramatically. On average, the nation had a daily demand of 12,000 megawatts (MW) of electricity in 2009; however, the supply has recovered to merely 5,500 MW, subjecting the entire nation to regularly occurring rolling blackouts that last for hours at a time. As power outages impact such basic infrastructures as water supply facilities and hospitals, the lack of a stable electrical supply is a major hindrance to social stability and economic reconstruction. Another sort of suffering reported from every region of Iraq is diarrhea and infectious diseases caused by the use of contaminated water.

5. Since 2008, there has been a trend toward peace, and the situation in the mid-western area has stabilized to the point where a development project can be implemented (refer to the chart). The projects implemented under these Japanese ODA loans will provide assistance to the water and power sectors—areas connected directly to people's lives and private sector activities—toward full socioeconomic reconstruction. The loans will contribute to sustainable reconstruction development in a socially stable manner, taking into consideration regional balance.

- [Reference and Chart](#)
- [Project Map of ODA Loans \(PDF/275KB\)](#)
- [Overview of JICA's reconstruction assistance for Iraq \(PDF/649KB\)](#)

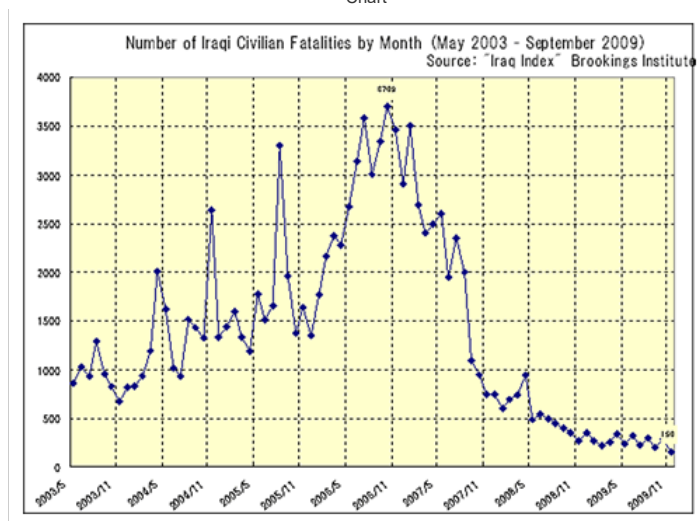
## Reference

### Term and Amount of Loan

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period (years)	Grace Period (years)	Procurement
		Project	Consulting services			
Water Supply Sector Loan Project in Mid-Western Iraq	41,274	0.65*	0.01	40	10	Untied
Al-Alkazz Gas Power Plant Construction Project	29,570	0.65*	0.01	40	10	Untied
Deralok Hydropower Plant Construction Project	16,996	0.65*	0.01	40	10	Untied
Total	87,840					

\* Since these Japanese ODA loans proactively support peace-building efforts in Iraq, preferential concessional loan terms are applied.

Chart



### (1) Water Supply Sector Loan Project in Mid-Western Iraq

#### Background and Necessity

Before the Persian Gulf War of 1991, the water supply infrastructure in Iraq was in better condition than in neighboring nations. Subsequent economic sanctions, strife and other factors resulted in inadequate maintenance, management and expansion such that the capacity to draw and treat water dropped while the water supply facilities became obsolescent. The pipes have therefore developed holes, allowing bacteria to enter and contaminate the water supply. Suffering has been reported in every region of Iraq due to diarrhea and infectious diseases caused by the use of that contaminated water. Rebuilding the water supply sector is thus a critical issue for Iraq. As set out in the third National Development Strategy 2007-2010 announced in 2007, the Iraqi government has established targets for the water supply sector including an increase in the percentage of people with access to potable water, a decrease in water leakage, and improvements to the water supply network. To support such efforts by the Iraqi government, JICA provided Japanese ODA loans for the "Basrah Water Supply Improvement Project" and the "Water Supply Improvement Project in Kurdistan Region" in FY2008, in advance of this project.

While progress has been made through studies and the implementation of water infrastructure projects in Iraq's capital of Baghdad as well as Basrah in the south and the Kurdistan Region in the north, the mid-western region has not been targeted for such measures due to the deterioration of security in the region after the War in 2003. The capacity of water purification plants in the region has therefore dropped, and as existing facilities cannot meet current demand, building additional facilities to meet the rising need arising with the future population increase is a pressing issue.

#### Objective and Summary

Under the Water Supply Sector Loan Project in Mid-Western Iraq, existing water supply facilities will be built and existing ones repaired to improve the water supply situation in the governorates of Anbar, Ninawa and Salah El Din, thereby contributing to the economic and social reconstruction in mid-western Iraq and Iraq overall.

The loan funds will be allocated to the repair and construction of water drawing facilities, purification plants and water distribution facilities in the mid-western region as well as consulting services for detailed design work, procurement assistance, construction monitoring and staff training.

#### Executing Agency

Ministry of Municipalities and Public Works  
Address: Baghdad, Iraq  
E-mail: iq.mmpwpm@yahoo.com

#### Planned Implementation Schedule

- (i) Completion of project: June 2018 - with transfer of the facilities
  - (ii) Issuing of letters of invitation for consulting services (including detailed design work): January 2010
  - (iii) First tender announcement for initial procurement package based on international competitive bidding for this project works
- Procurement package title: Rehabilitation and Procurement Package of Water Supply Facilities  
Release date: May 2011

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## (2) Al-Akkaz Gas Power Plant Construction Project

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### Background and Necessity

While Anbar, a governorate located in mid-western Iraq, has a thriving mining industry, the power supply in the governorate is a mere 177 megawatts (MW) in contrast to a demand of 293 MW. Each day brings between 16 and 18 hours of rolling blackouts, a serious disparity between the supply and demand for power. The construction of power generation facilities in this region is an urgent task for industrial development and civil stability.

### Objective and Summary

Under the Al-Akkaz Gas Power Plant Construction Project, a gas thermal power station will be constructed in Anbar Governorate to increase the amount of power supplied to the region, contributing to the economic and social reconstruction. The loan funds will be allocated to the construction of gas thermal power generation and related facilities as well as consulting services for procurement assistance, construction monitoring and staff training.

### Executing Agency

Ministry of Electricity  
Address : Baghdad, Iraq  
Web site: [http://www.moelc.gov.iq/default\\_en.aspx](http://www.moelc.gov.iq/default_en.aspx)

### Planned Implementation Schedule

(i) Completion of project: July 2014 – when commercial operation begins  
(ii) Issuing of letters of invitation for consulting services (including construction monitoring): April 2010  
(iii) First Tender announcement for initial procurement package (Gas Power Plant Construction Package) based on international competitive bidding for this project works:  
Procurement package title: Gas Power Plant Construction Package  
Release date: September 2010

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## (3) Deralok Hydropower Plant Construction Project

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### Background and Necessity

Composed of the governorates of As Sulaymaniyah, Dohuk and Erbil, the Kurdistan Region in the north of Iraq is supplied with power from two hydropower plants as well as the national power transmission network. Due to the lack of new investment or of management and maintenance, the power supply within the region is a mere 459 megawatts, about only one-fourth of their needs. With more than 15 hours of power outage per day on average, not only are lives seriously affected, but so are economic and social activities. As the demand for power in the region is predicted to rise 12 percent per year, new power generating facilities are urgently needed that can be expected to operate in a stable manner without relying on fuel supplies.

### Objective and Summary

The Deralok Hydropower Plant Construction Project will increase the amount of power through the construction of a hydropower plant in Dohuk Governorate of the Kurdistan Region, contributing to economic and social reconstruction in Iraq.

The loan funds will be allocated to the construction of the hydropower plant and related facilities as well as consulting services for detailed design work, procurement assistance, construction monitoring and staff training.

### Executing Agency

Regional Ministry of Electricity in Kurdistan  
Address: 16 Street , Erbil, Iraq  
Tel: +964 (66) 2552-611  
Web site: <http://www.krgelectric.org/en/>

### Planned Implementation Schedule

(i) Completion of project: December 2015 - with transfer of the hydropower plant  
(ii) Issuing of letters of invitation for consulting services (including detailed design work): November 2009  
(iii) First Tender announcement for initial procurement package (Hydropower Plant Construction Package) based on international competitive bidding for this project works:  
Procurement package title: Hydropower Plant Construction Package  
Release date: January 2011

# Projects of Japan ODA Loans in Iraq



Light Blue Box : 12 On-going ODA Loans Projects

Yellow Box : 3 ODA Loans Projects newly Signed on March 31, 2010