

Signing of a Japanese ODA Loan Agreement with the Islamic Republic of Pakistan

— Supporting Restoration of Infrastructures after the Largest Flood Disaster in the Country's History and Contributing to Stabilization of the Border Region —

1. On February 22, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with the government of the Islamic Republic of Pakistan in Tokyo to provide up to 14.7 billion yen for the "Khyber Pakhtunkhwa Emergency Rural Road Rehabilitation Project". This will address early restoration from the flood disaster which has brought serious damages throughout the country for recent several months. With another Japanese ODA loan agreement up to 5 billion yen for "Emergency Import Support Loan", signed on January 21, 2011, Japanese ODA loans of total 19.7 billion yen will be extended to flood disaster restoration activities in Pakistan.

2. Pakistan experienced extraordinary rainfall from July 22, 2010, mainly hitting the northern area. During July 28 to August 3, 2010, the torrential rainfall of 3,462mm, which is double that of annual rainfall in Tokyo, was received in Khyber Pakhtunkhwa province, where the usual annual rainfall is 962mm. The heavy rain continued intermittently till September, 2010 and led to the worst floods since the birth of Pakistan, covering over 20 percent of the country (160,000 square km) along the Indus River basin. The floods have affected more than 20 million people (12 percent of Pakistan's population) with 2,060 deaths and 3,112 injured. As a result of the floods, 1.9 million homes have been destroyed, various kinds of infrastructures including roads and irrigation facilities have been seriously damaged, and the widespread agricultural lands have been inundated.

3. As a leading bilateral donor for Pakistan, JICA participated in the Damage and Needs Assessment (DNA) for the 2010 Pakistan floods, which was led by World Bank and Asian Development Bank. According to the DNA, while the total damages are estimated at more than 10 billion US dollars (around 820 billion yen), the medium and long-term reconstruction cost is estimated at about 8.9 billion US dollars (around 730 billion yen). The international community's support has been strongly requested to assist such reconstruction activities. As a result of coordination in the donor conferences, etc., JICA identified two assistance projects: emergency import financing for immediate relief, recovery and reconstruction; and rehabilitation works of the road sector which JICA has continuously supported in the past.

4. Khyber Pakhtunkhwa Province, the project site located between Pakistan's capital Islamabad and the border area to Afghanistan, has a high poverty rate in comparison to the other provinces of Pakistan. The west side of the Province neighbors Federal Administered Tribal Areas (FATA), which draws severe security concerns these days. This mountainous province has a large rural population in remote areas relying on roads for daily transportation, and thus faced life-threatening conditions when their communities were isolated as the roads and bridges collapsed or severely damaged by the floods. Without progress in the rehabilitation of those roads and bridges, local residents have difficulties in restoring their lives, as well as regaining their livelihood such as agricultural activities. Through this Project, JICA will address the recovery and reconstruction of flood damaged roads and bridges in Khyber Pakhtunkhwa province located in the border regions, contributing to the recovery of severed lifeline, prompt the restoration of economic and social activities, and reducing poverty in the region.

5. After the 9.11 terrorist attacks in 2001, the international community has continued to fight against terrorism. It is vital that Pakistan achieves economic and political stability as a modern and moderate Islamic nation in order to achieve peace and stability in the Pakistan-Afghanistan region as well as in the international community. After April 2009, the Pakistani government forces have been conducting military operations in the border regions, such as Khyber Pakhtunkhwa province and FATA, that produced numerous internally displaced persons. The recent floods occurred at the crucial time for the displaced to return to their homelands and gradually restore their lives. This Project will contribute, through rehabilitation of road infrastructures, to the return of internally displaced persons in progress in the border areas, and reconstruction from the past conflicts.

6. Japan's new strategy addressing the threat of terrorism is (1) assisting Pakistan for economic growth (energy and infrastructure development), for macroeconomic reform (co-financing with the World Bank), and for the improvement of people's livelihood in the poverty reduction sector (health, basic education, rural development), and (2) assisting Pakistan for improvement of people's livelihood in regions such as Khyber Pakhtunkhwa province and FATA. Although the recent floods pose a new challenge to the Pakistan, Japan is willing to strongly support the recovery and reconstruction efforts of the government of Pakistan together with the rest of the international community. In view of this policy, following the aforementioned flood-related loans, JICA will employ an integrated approach taking advantage of three schemes of assistance, technical cooperation, loan assistance (ODA loans), and grant aid, to actively support Pakistan.



Signing Ceremony

Related Link

➤ [Project Map \(PDF/41KB\)](#)

Reference

1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Deferment period (years)	Procurement
		Project	Consulting services			
Khyber Pakhtunkhwa Emergency Rural Road Rehabilitation Project	14,700	0.01*	0.01*	40*	10*	Untied

(*) Preferential Terms "MIRAI" applicable for disaster recovery projects

2. Project Summaries

Khyber Pakhtunkhwa Emergency Rural Road Rehabilitation Project

Executing Agency

Communication and Works Department, Government of Khyber Pakhtunhwa Province
Address: House No. 129, Shami Road, Peshawar Cantt., Khyber Pakhtunkhwa, Pakistan
Phone: +92-91-5255309, Fax: +92-91-5255310

Planned Implementation Schedule

(i) Completion of project: November 2015 (with commence of operation)

(ii) Issuing of letters of invitation for consulting services: The consultants will be hired in line with JICA's Guideline for the Employment of Consultants under Japanese ODA Loans

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction: No international competitive bidding is planned for this project, but local competitive bidding is carried out in a timely manner.

