

Signing of Japanese ODA Loan with the Republic of Turkey

—Improving the Environment in Rapidly Developing Turkey—

1. Today, Japan International Cooperation Agency (JICA) signed a Japanese ODA (Official Development Assistance) loan agreement with the İller Bankası Anonim Şirketi (hereinafter referred to as "İller Bank") of Turkey to provide a loan of up to 12.784 billion yen for assistance for the Municipal Sewerage and Wastewater Treatment Improvement Project and signed a Japanese ODA loan agreement with the Government of the Republic of Turkey to provide a loan of up to 4.225 billion yen for assistance for the Coruh River Watershed Rehabilitation Project.

2. Although Turkey achieved favorable economic growth in the 2000s, the growth rate of the real GDP dropped to -4.8% in 2009 due to the effects of the financial crisis. Subsequently, the economy returned to a course of growth, recording a growth rate of 8.9% in 2010. As a member of the G20, Turkey has stepped up its presence in the international arena, but the problem of environmental degradation accompanying economic growth has come to light. Given this situation, making environmental improvements is an urgent issue to ensure balanced, sustainable growth.

3. Features of the Japanese ODA loans in the agreements are described below.

(1) Support for providing sewer systems at the local level where infrastructures are underdeveloped.

Smaller municipalities with the budget limitation are facing difficulties in developing sewer infrastructures. The environment is an area of critical importance for membership in the EU, and Turkey has formulated the EU Integrated Environmental Approximation Strategy, which establishes a strategy through 2023 with a high priority on sewer infrastructure at the local level.

The Municipal Sewerage and Wastewater Treatment Improvement Project provides for the construction of sewers at the local level through the İller Bank, which is a public agency providing financing to municipalities in Turkey, thereby contributing to improvements in the living environment of residents.

(2) Assistance for the preservation of natural resources while improving the livelihoods of residents

The Government of Turkey is implementing policies to boost the amount of forest land, but the ratio remains less than 30% of the nation's total land area. The activities of residents pursuing their livelihoods in forest areas have furthered forest degradation, which then lowers the quality of residents' lives, creating a vicious circle where forests are further exploited for livelihoods, causing further forest degradation.

The Coruh River Watershed Rehabilitation Project is focused on restoring and preserving sustainable natural resources through improvement of the livelihoods of residents and the formulation of a community participation plan in the Coruh River basin, located in northeastern Turkey, where this vicious circle has developed.

4. As a member of the G20, Turkey is increasing its presence in the international community day by day. Turkey is located at a critical position connecting Asia and the Middle East to Europe, and its course of moderate, realistic diplomacy has greatly contributed to peace and stability, particularly in the Middle East. From an international perspective, the stable development of Turkey is thus a critical issue.

Recently, Japanese companies have become more active in Turkey, in several areas including large suspension bridges. Turkey and Japan are thus becoming important partners not only in terms of economic cooperation but in business relations as well. Going forward, JICA will provide various forms of cooperation, further strengthening the relationship between Turkey and Japan.



Signing Ceremony

Reference

1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Deferment period (years)	Procurement
		Project	Consulting services			
(1) Municipal Sewerage and Wastewater Treatment Improvement Project	12,784	1.2	0.01	25	7	General untied
(2) Coruh River Watershed Rehabilitation Project	4,225	1.2	0.01	25	7	
Total	17,009					

2. Project Summaries

(1) Municipal Sewerage and Wastewater Treatment Improvement Project

Background and Necessity

In Turkey, the concentration of population in urban areas has increased, accompanying the economic growth of recent years, and it has become evident that inadequate sewer development has caused a decline in the living environment as well as causing pollution in rivers, lakes and marshes. In particular, smaller municipalities have a weak financial base and lack a developed sewer infrastructure, such that a disparity has arisen in sewer rates according to the size of the local government. The government of Turkey has established the EU Integrated Environmental Approximation Strategy as a step toward joining the EU, and providing sewers at the local government level is positioned as a high-priority issue in that strategy.

Objectives and Summary

Under this project, sewers will be constructed at the local level where the infrastructure lags behind large cities, increasing the access rate of sewers and improving the water quality in waterways while improving the living environment of residents.

Executing Agency

İller Bank
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Planned Implementation Schedule

- (i) Completion of project: October 2015 – when the facilities are put into service.
- (ii) Issuing of letters of invitation for consulting services: Approximately August 2011
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
Although there will be no tenders on construction, procurement is expected to be carried out as successive projects develop from sub-loan funding provided by intermediary financial institutions.

(2) Coruh River Watershed Rehabilitation Project

Background and Necessity

In Turkey, approximately 7.5 million people live in some 21 million hectares of forest land, composing just less than 30% of the total land area in the country. The average income for residents in those areas is markedly smaller than the average income for Turkey as a whole, and residents depend on activities such as lumbering and pasturing livestock to make a living. Such pressures on natural resources are factors causing forest degradation and resulting significant loss in soil. This degradation of natural resources is a vicious circle in which the living environment of residents worsens further.

The Coruh River basin in northeastern Turkey is the focus of this project. While the area depends on small-scale livestock farming and agriculture, the basin is one of the worst areas in the country in terms of soil degradation due to the progressive destruction of forests, soil that is easily eroded, and low agriculture and livestock productivity.

Objectives and Summary

This project will make improvements to the environment in the Coruh River basin. Resident participation plans will be formulated, and natural resources will be restored and preserved through soil conservation, the restoration of vegetation in degraded forests and natural disaster prevention. Also, livelihood improvement assistance will be provided for village residents for integrated basin conservation and improvements to the living environment of village residents.

Executing Agency

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Planned Implementation Schedule

- (i) Completion of project: October 2018 – with completion of activity in the basin
- (ii) Issuing of letters of invitation for consulting services (including construction monitoring):
Approximately August 2011