

Signing of Japanese ODA Loan with the Kingdom of Morocco

—Attenuating Regional Disparities and Reducing Poverty through Rural Infrastructure and Access to Safe Water—

1. Today, the Japan International Cooperation Agency (JICA) signed two Japanese ODA loan agreements in the Moroccan capital of Rabat, one with the Caisse pour le Financement Routier of the Kingdom of Morocco to provide a loan of up to 5.981 billion yen for the Rural Road Improvement Project (II), and the other with the Office National de l'Eau Potable (ONEP) of the Kingdom of Morocco to provide a loan of up to 17.44 billion yen for assistance for the Fez and Meknes Regions Water Supply Project.

2. In recent years, Morocco has diversified its economy (including textiles, tourism and automobiles) and strengthened economic ties to Europe, achieving favorable economic growth that includes an average economic growth of 5 percent since 2001.

However, the poverty rate^[1] is 15 percent of the total population, with approximately 70 percent of the poor living in rural areas, making the issue of reducing regional disparities crucial to ensuring sustained economic growth into the future. In order to attenuate regional disparities, boost the income of the poor and improve the living environment, a higher rate of access to public services must be achieved through such basic infrastructures as roads, water and electricity.

3. The features of the Japanese ODA loans are outlined below.

(1) Improving the living environment of rural residents and spurring economic activities through rural road improvements

In Morocco, road improvements in rural areas have not progressed to the extent of urban areas, limiting the economic activities of rural residents and giving rise to regional economic disparities. The Government of Morocco has therefore placed high priority on rural economic development through rural road improvements and is implementing a Second National Program of Rural Roads to improve 15,500 kilometers of rural roadway between 2005 and 2012. The objectives of JICA's **Rural Road Improvement Project (II)** are to assist such measures in Morocco and to contribute to sustained economic growth there by correcting regional disparities. At the Second TICAD Ministerial Follow-up Meeting held in May 2010, Japan announced that it would provide up to two billion dollars in ODA loans for infrastructure projects over two years, and this is one application of that commitment.

(2) Improving living conditions with safe water

The Government of Morocco is working with the private sector to reduce poverty and attenuate 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 infrastructure. These include improving the overall national water access rate, transitioning from common water taps to water supplied to individual homes in rural areas, and meeting the demand for water with consideration to the rising population, urbanization and higher living standards in Morocco. In response, the Fez and Meknes Regions Water Supply Project will provide a stable supply of potable water in regional cities where demand is growing because of 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 in those regions, and by extension also reduce poverty. In the Yokohama Action Plan issued at TICAD IV, the Japanese Government announced that water supply facilities would be provided to supply safe drinking water to 6.5 million people. This project will be implemented as a part of the TICAD support policy, and will benefit 2.3 million Moroccans.

4. To contribute to more balanced economic and industrial development in Morocco, it is JICA's intention to continue to provide assistance that corrects regional and social disparities, strengthens economic competitiveness and provides infrastructure for sustained economic growth.

Related Link

➤ [Project Map \(PDF/144KB\)](#)



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) Rural Road Improvement Project (II)	5,981	1.40	-	25	7	Untied
(2) Fez and Meknes Regions Water Supply Project	17,440	1.40	0.01	25	7	Untied

2. Project Summaries

(1) Rural Road Improvement Project (II)

Background and Necessity

Economic activities through the transportation sector in Morocco play an important role in the nation's economy, constituting approximately 6 percent of the gross domestic product and generating 10 percent of the employment in the urban areas; transportation-related tax revenues correspond to 15 percent of the nation's annual revenue. While more than 80 percent of national and prefectural trunk roadways in Morocco are paved, the paved ratio of provincial roads primarily in the rural areas is low, at 62 percent (as of 2009), and as the road access rate for rural residents^[2] is 54 percent, rural roadway infrastructures are comparatively undeveloped.

Given these circumstances, since 1995, the government of Morocco has implemented a First National Program of Rural Roads and a Second National Program of Rural Roads with the object of raising the road access rate of rural residents to 80 percent by 2012. The promotion of rural economic activities through rural road improvements and the correction of rural economic disparities are required.

Objectives and Summary

This project will improve rural roads within the framework of the Second National Program of Rural Roads in the provinces where the poverty rate is relatively high, improving the transportation access of residents living along the roads, and thereby improving rural residents' standard of living and attenuating regional disparities.

Executing Agency

Executing Agency

Caisse pour le Financement Routier

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Planned Implementation Schedule

- (i) Completion of project: October 2013 – when the roads are put into service
- (ii) Consulting services (including detailed design work): None
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
No international competitive tendering is planned (all tendering is planned to be national competitive tendering)

(2) Fez and Meknes Regions Water Supply Project

Background and Necessity

Since 80 percent or more of the 140 billion cubic meters of annual precipitation in Morocco is lost because of factors like evaporation, the usable water is limited to 16.9 billion cubic meters, so that ensuring and managing water resources is a critical development issue. In Morocco's drinking water sector, measures thus far have achieved steady improvements in the water supply rate. However, while 100 percent has been reached in urban areas and 87 percent in rural villages (as of 2008), making improvements to drinking water facilities to achieve a stable supply going forward is an urgent issue in responding to the increase in water demand caused by such factors as rising population and an increasing number of homes with individual water access in urban areas and rural villages.

The target regions of this project, Fez and Meknes, with respective populations of approximately 950,000 and 540,000 according to the 2004 national census, are predicted to see strains on water supplies accompanying a rapid increase in population, and estimates forecast a water shortage of 3,000 liters per second by the year 2030. Based on these circumstances, ONEP has given priority to the development of new water sources and the construction of water purification plants in the Fès-Boulemane and Meknès-Tafilalet Regions in its project plan for 2008 to 2010.

Objectives and Summary

By providing tap water facilities that will provide water to the rural cities of Fez and Meknes along with the surrounding villages of North Central Morocco, the supply capacity of drinking water in the area will increase, improving the living environment for local residents and stimulating economic activity in those regions.

The funds for this project will be allocated to the procurement of the necessary materials and equipment, civil works, and facility construction, as well as to consulting services for tender assistance and construction monitoring.

Executing Agency

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Planned Implementation Schedule

- (i) Completion of project: May 2015 – when the facilities are put into service
- (ii) Issuing of letters of invitation for consulting services: August 2011
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package title: Intake and Water Treatment Plant Package
Release date: October 2011

Note

- [1] The definition of the poverty rate according to the Moroccan government is a living standard below relative poverty. In 2004, this threshold was 1,687 dirhams (approximately 23,000 yen) per month for an average urban household (5.6 people) and 1,745 dirhams (approximately 24,000 yen) for an average rural household (6.4 people).
- [2] The road access rate for rural residents is calculated as the number of residents in a village of at least 50 households located within 1 kilometer of a paved or unpaved road, divided by the total number of rural residents.

