

Signing of Japanese ODA Loan Agreement with the Republic of Peru

–Assistance for Water and Sewer Network Rehabilitation and Comprehensive Community Development through Tourism Promotion–

Today, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreements with the Government of the Republic of Peru in the capital of Lima to provide Japanese ODA loans of up to 5.078 billion yen for assistance for the North Lima Metropolitan Area Water Supply and Sewerage Optimization Project (II) and of up to 2.905 billion yen for assistance for the Amazonas Rural Development Project.

The features of these two loans that were signed are as described below.

(1) North Lima Metropolitan Area Water Supply and Sewerage Optimization Project (II)

Located in a desert climate with little rainfall at any time of the year, the Lima Metropolitan Area has extremely sparse water resources but an exceedingly large population concentration. Additionally, the ratio of "Non-Revenue Water" due to pipe leaks and theft has reached 40 percent of the overall water usage at the Lima Water and Sewer Company (SEDAPAL) that provides water services in the area. This hampers the water pipe maintenance and management, and the progress in developing new water resources and ensuring adequate water purification capacity. The sewer system also faces problems such as clogging and breaks due to aging pipes and an inadequate carrying capacity, and there are frequent occurrences of sewage outflows, pipe bursts and ground subsidence, lowering the sanitation level for local residents.

This project will lay pipes, rehabilitate the secondary pipe network and procure maintenance and management equipment for improving the water and sewer system, thereby improving water and sewer services along with the sanitary conditions in the northern part of the Lima Metropolitan Area.

(2) Amazonas Rural Development Project

Located in the northern part of Peru, Amazonas Region currently has no prominent source of revenue such as natural resources or industry, and 40 percent of the region's GDP is composed of agriculture, a level close to self-sufficiency. At 55 percent, the poverty rate is considerably higher than Peru overall, which averages 39 percent. In recent years, however, attention in Peru and abroad has turned to the abundance of tourism resources in Utcubamba Valley, located in Amazonas Region, such as the Kuelap Archaeological Complex (added to the tentative list for UNESCO World Heritage sites in February 2012) which has been rated as comparable to the Historic Sanctuary of Machu Picchu, a World Heritage site in the southern part of the country, and the Gocta Cataracts, the third highest waterfall in the world with a drop of 771 meters. Tourism is expected to become the region's leading industry. Given these circumstances, the national policy of Peru emphasizes tourism development in Amazonas Region as a measure to alleviate poverty at the local level, but implementation currently involves a range of problems, such as the difficulty in accessing the tourism locations, garbage disposal, the lack of a tourism development plan by the regional government, and damage and unauthorized excavation of the ruins by local residents due to a lack of understanding of the issues involved.

This project will assist with comprehensive regional development to the Utcubamba Valley in Amazonas Region by developing the tourism industry and encouraging local residents to participate in it through tourism promotion and building basic infrastructure. The loan funds will be allocated to maintaining ruins and other tourism resources, constructing a visitors' center and other tourism facilities, paving roads for improved access, constructing waste disposal facilities to accommodate a larger number of tourists, building government capacity for tourism, educating community residents and assisting them in participating in the tourism industry, and consulting services. The construction of the waste disposal facilities is expected to also have the effects of reducing greenhouse gases and alleviating climate change.



Signing ceremony (from left: Akihiko TANAKA, JICA president, Masahiro FUKUKAWA, Japanese ambassador to Peru, Ollanta Humala Tasso, president of the Republic of Peru, Luis Miguel Castilla Rubio, minister of Economy and Finance, Peru)

Reference

1. Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Grace Period (years)	Procurement
		Project	Consulting services			
North Lima Metropolitan Area Water Supply and Sewerage Optimization Project (II)	5,078	1.70	0.01	25	7	General untied
Amazonas Rural Development Project	2,905	1.60 1.00*	0.01	20	6	General untied

* Public works for waste disposal facility construction

2. Project Summaries

(1) North Lima Metropolitan Area Water Supply and Sewerage Optimization Project (II)

Executing Agency

Servicio de Agua Potable y Alcantarillado de Lima (SEDAPAL or the Lima Water and Sewer Company)
Address: Planta la Atarjea, Autopista Ramiro Priale
N° 210 El Agustino, Lima 10, Peru
Tel/Fax: +51 (1) 317-3007

Planned Implementation Schedule

- (i) Completion of project: December 2017 – when the facilities are put into service
- (ii) Issuing of letters of invitation for consulting services (including detailed design work, bidding assistance and construction monitoring): April 2013
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package titles: Shared Construction, Secondary Pipe Network Construction, Procurement of Maintenance and Management Equipment
Release date: April 2015

(2) Amazonas Rural Development Project

Executing Agency

Regional Government of Amazonas
Address: Regional Government of Amazonas
Jr. Ortiz Arrieta N° 1250 Chachapoyas, Amazonas, Peru
Tel: +51 (1) 41-478131, fax: +51 (1) 41-477185

Planned Implementation Schedule

- (i) Completion of project: February 2017 – when the basic infrastructure is put into service
- (ii) Issuing of letters of invitation for consulting services (including detailed design work, bidding assistance and construction monitoring): April 2013
- (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package titles: Road Improvements, Equipment Procurement
Release date: December 2014