July 18, 2014

Signing of Japanese ODA Loan Agreements with the Republic of Tunisia

Supporting the New Tunisia after the Arab Spring

On July 17, the Japan International Cooperation Agency (JICA) signed two Japanese ODA loan agreements for a total of up to 48.473 billion yen, one with the Government of Tunisia for the Mejerda River Flood Control Project and the other with La Société Tunisienne de l'Electricité et du Gaz (Tunisian Company of Electricity and Gas, STEG) for the Rades Combined Cycle Power Plant Construction Project.

Located in Northern Africa, Tunisia is where the revolution occurred in January 2011 that sparked the Arab Spring. An election for a national constituent assembly was subsequently held in October 2011, and after a series of lively debates, the national constituent assembly adopted a new constitution in January of this year. A new administration will be inaugurated following the parliamentary and presidential elections scheduled for this autumn, and it will carry the responsibility for development in post-revolutionary Tunisia.

After the signing, JICA President Akihiko Tanaka (left) shakes hands with Mongi Hamdi, minister of Foreign Affairs of the Republic of Tunisia.

For the next Government of Tunisia, addressing the two major causes of the revolution, unemployment (particularly among the young generation) and regional disparities, is a pressing challenge.

Under these circumstances, these loans will support improvements to the quality of life and social stability through flood control and a better power supply. Highlights of the ODA loans signed are as follows;

(1) Alleviating Flood Damage and Improving the Lives of Local Residents
The Mejerda is the largest river in Tunisia, and agriculture and agribusiness thrive in the river basin. In recent years, the frequency of torrential rainfalls has increased due to global warming, and flood damage has greatly affected the lives of residents and economic activities in the river basin.

The Mejerda River Flood Control Project will carry out river improvement works, bridge construction and bridge relocation in the lowermost reaches of the Mejerda and the El Mabtouh retarding basin, which were given priority in a development study conducted by JICA since 2006. The objectives of the project are to hold back a once-in-a-decade flood, improve the living environment for local residents and minimize the negative effects of floods on economic activities in the basin.

During the project formulation stage, the University of Tokyo conducted a runoff analysis of the Mejerda River. Using a leading-edge runoff analysis model, the University of Tokyo set the basic high water discharge required to plan this project, analyzed changes in flood damage taking into account the impact of climate change, and investigated real-time optimization techniques for dam discharge. Utilizing Japanese knowledge and expertise in climate change, the analyses and studies have been well received by experts in Tunisia where climate change is predicted to have a heavy impact in the future.

In addition to physical river improvements, this project will formulate an effective operation plan for the dam management system, and support creating a community flood preparedness organization and evacuation system, among other activities. In advance of the World Conference on Disaster Risk Reduction to be held in Sendai, Japan, in March 2015, JICA is also planning seminars to share Japanese experiences in disaster preparedness with personnel in charge of disaster prevention in the target area of the project.

(2) Responding to the Growing Power Demand
In Tunisia, the demand for electricity is increasing at an annual rate of 7 percent, and there is a high likelihood that massive blackouts will occur in the near future due to insufficient power supply. In response, STEG is calling on residents to conserve energy and is working proactively to construct power plants.

Given these circumstances, the Rades Combined Cycle Power Plant Construction Project will support the construction of a power plant on the scale of 430-500 megawatts. Gas turbine operation is planned to begin in 2017 and combined cycle operation in 2018. With a stable supply of power from the new power plant, this project aims to avoid the power shortage predicted to occur in 2017, and economic stagnation due to insufficient power supply.

Combined cycle power plant has a higher power generation efficiency than either conventional gas turbine or steam turbine power generation, thus reducing greenhouse gas emissions.

(Reference)
1. Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Mejerda River Flood Control Project	10,398	0.6	0.01	40	10	General untied
Rades Combined Cycle Power Plant Construction Project	38,075	0.6	-	40	10	General untied

(1) Mejerda River Flood Control Project

(a) Background and Necessity
Half of Tunisia's land has a semi-arid climate with an average annual rainfall of only 500 millimeters. The Mejerda River is the only river in the country that flows year-round. Relatively ample rainfall and fertile farmland in the basin allow economic activities such as wheat production, ranching and food processing, thus make agriculture in the basin the key to the national economy and a vital resource for food security in Tunisia. The Mejerda River basin has flooded frequently in recent years, and the floods in January 2003 and February 2012 in particular caused immense damage. Such large-scale flooding goes beyond material losses in agricultural crops, infrastructure facilities and homes, causing socioeconomic damage such as economic stagnation and expanded poverty. Flood control for the Mejerda River is therefore a pressing challenge for smooth economic development in Tunisia.

(b) Objective and Summary
Through infrastructure improvement including river improvement, this project aims to improve flood control functions in the basin of the Mejerda River which flows through northern Tunisia, thereby reducing of flood damage and improving the living environment of the local residents.

Funds from the loan will be allocated to river improvements, building new bridges and relocating existing bridges.

(c) Executing Agency
Direction Générale des Barrages et des Grands Travaux Hydrauliques (General Department of Dams and Large Hydraulic Works), Ministry of Agriculture
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(d) Planned Implementation Schedule
(i) Completion of project: September 2022 – when the facilities are put into service
(ii) Issuing of letters of invitation for consulting services (including detailed design work): September 2014
(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package title: Public Works (total: three lots)
Release date: October 2016

(2) Rades Combined Cycle Power Plant Construction Project

(a) Background and Necessity
In Tunisia, the demand for electricity is increasing with rapid economic growth, and the Government of Tunisia is working proactively on new power development. Of the gross power generation capacity of 3,496 megawatts, nearly all of the power production utilizes thermal power (97 percent), with hydraulic power (2 percent) and wind power (1 percent) accounting for the remainder.

According to STEG estimates for power demand in Tunisia overall, the demand is expected to rise an average of 7.1 percent per year from 2012 to 2016. To meet this rising demand, STEG is moving forward on construction of two new thermal power stations in Sousse in central Tunisia with the aim of beginning operation of one in 2014 and the other in 2015. Even with the startup of these power stations, however, there is expected to be a power shortage in 2016, and therefore even further power generation development is needed to solve the problem of insufficient power production.

(b) Objective and Summary
To construct a high-efficiency gas combined cycle power plant in Rades on the southern outskirts of Tunis to develop power generation capacity, thereby contributing to power system stability.

Funds from the loan will be allocated to construction of the combined cycle power generation station.

(c) Executing agency
La Société Tunisienne de l'Electricité et du Gaz (STEG)
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(d) Planned Implementation Schedule
(i) Completion of project: August 2018 – with provisional transfer of the combined cycle power plant
(ii) Consulting services: Not applicable
(iii) Tender announcement of initial procurement package for international competitive bidding on project construction: Already announced