

Signing of ODA loan agreement with Egypt

Improving agricultural infrastructure to reduce poverty and raise the standard of living

On March 15, the Japan International Cooperation Agency (JICA) signed an ODA loan agreement of up to 5.854 billion yen for the Project for Construction of the New Dirout Group of Regulators with the government of the Arab Republic of Egypt.

The Dirout Group of Regulators, the oldest irrigation regulators in Egypt, is a large group of regulators that divide the Nile embayment irrigation canal into seven principal canals. Approximately 9.6 billion cubic meters of irrigation water per year, the equivalent of about 17 percent of the available supply of water in Egypt by the Nile, flows into the regulators, and it supplies water to 600,000 hectares of farmland. However, about 140 years have passed since its construction and inefficient diversion due to degraded function has become an issue. Construction of the new regulators and strengthening the water management system through this project are expected to achieve efficient water allocation and contribute to the improvement of agricultural productivity in the Upper Egypt region (the Nile valley region from the southern part of Cairo and Giza to upstream Aswan).

In Egypt, through the political change known as the Arab Spring in 2011, a long-term dictatorship came to an end and an unstable political situation has since continued, including a change of government in 2013. Gradually the process leading to political stability is unfolding, but dealing with regional disparities and the high youth unemployment rate, which are causes of the political changes, has become an urgent issue.

In response to the issues facing Egypt, JICA is engaged in assistance that works toward sustainable economic growth and job creation, poverty reduction and raising the standard of living. The city of Dirout, which is the target area of this project, is located in the Upper Egypt region, which is known as an impoverished area whose more than 10 million residents earn their livelihood through agriculture. By building an addition onto the Dirout group of regulators, it is expected that the project will realize efficient and effective water allocation and work to improve agricultural productivity. In so doing, it is expected that the project will contribute to reducing poverty in the Upper Egypt region, improving the standard of living and correcting regional disparities.

The ODA loan for this project will be provided with Special Terms for Economic Partnership (STEP), and Japan's irrigation technology is expected to be used, such as overflow double-leaf gates to enable high-precision water-level control and timely discharge. This loan will be allocated to the construction of regulators, the procurement of equipment related to the water management system and consulting services (bidding assistance and construction supervision). The detailed designs are expected to be prepared through technical cooperation from JICA.

In the Upper Egypt region, in addition to this project, JICA is implementing technical cooperation that aims to strengthen water management capacity and add value to agricultural production, and it will provide assistance with comprehensive agriculture and rural development by improving agricultural infrastructure and making technological improvements.

(Reference)

1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Project for Construction of the New Dirout Group of Regulators	5,854	0.1	0.01	40	10	Tied

Note: Special Terms for Economic Partnership (STEP) apply.

2. Executing agency

Ministry of Water Resources and Irrigation
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3. Planned Implementation Schedule

- (1) Completion of project: August 2021 - when the facilities are put into service
- (2) Issuing of letters of invitation for consulting services (construction supervision, etc.): April 2016
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction: Not yet determined



Signing ceremony