

Signing of Japanese ODA Loan Agreement with the Republic of Turkey

Improving infrastructure in local authorities affected by Syrians

On May 15, the Japan International Cooperation Agency (JICA) signed a loan agreement with Iller Bank (*) in Ankara, the capital of Turkey, to provide a Japanese ODA loan for up to 45 billion yen for the Local Authorities Infrastructure Improvement Project.

In recent years, there has been a rapid increase in demand for public infrastructure in urban areas due to steady economic growth and rapid urbanization in Turkey, and the Government of Turkey has established a policy to improve services by expanding public infrastructure in its Tenth Development Plan (2014-2018).

Since the Syrian Civil War began in 2011, a large number of Syrians have flowed into Turkey, reaching 1.75 million as of April 2015 according to a report by the Government of Turkey. Of those Syrians coming into Turkey, barely more than 10 percent stay in camps. This large-scale influx has had a major impact, reducing the level of services the municipalities and water and wastewater utilities (local authorities) can provide in such areas as water, wastewater, and solid waste management, leaving those local authorities with no choice but to accelerate their infrastructure development plans.

This project will provide, through Iller Bank, the long-term financing needed for infrastructure development in such local authorities located in southeast Turkey, where there has been a large influx of Syrians, resulting in an increased need for water, wastewater and solid waste management infrastructure. The funds will be allocated to investment in the improvement of facilities for water, wastewater and solid waste management (i.e. water treatment plants, water transmission, distribution lines, wastewater treatment plants, collectors, sewerage pipelines, storm water drains and solid waste disposal sites), the procurement of operation and maintenance equipment, and consulting services (assistance for feasibility studies for the facility improvement). Through these improvements, it is expected that the living environment will be improved for residents, including Syrians, in the target local authorities.

In a speech on policies on the Middle East at the Joint Meeting of the Japan-Egypt Business Committee given in January 2015, Prime Minister Shinzo Abe announced that the Government of Japan would provide assistance equivalent to 2.5 billion US dollars in non-military fields such as humanitarian aid and infrastructure toward returning the Middle East overall to stability, and this project is positioned as a part of that assistance. At the Third International Humanitarian Pledging Conference for Syria held in Kuwait in March 2015, Japanese State Minister for Foreign Affairs Yasuhide Nakayama announced support for this project.

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			
Local Authorities Infrastructure Improvement Project	45,000	Yen LIBOR +20 bp	0.01	25	7	General, untied

2. Executing Agency

Iller Bank

Address: Ziraat Mah. 657. Sok. No:14, 06110, Altındağ, Ankara, TURKEY

Phone: +90-312-303-3107, fax: +90-312-303-3199

3. Planned Implementation Schedule

(1) Completion of project:

April 2022 – with disbursement of all the loan funds

(2) Issuing of letters of invitation for consulting services:

Consultants under this project are planned to be engaged on an individual basis by local authorities, which will receive sub-loans.

(3) Tender announcement of initial procurement package for international competitive bidding on project construction:

Under this project, sub-loans will be provided by Iller Bank on an individual basis for procurement through national competitive tendering and other such processes.

*A financial institution of the Government of Turkey. The main services that Iller Bank provides are financing public infrastructure projects such as water and wastewater services, carried out by local authorities and providing consulting services.



From left, Mayumi ENDOH, Chief Representative of JICA Turkey Office, Akihiko TANAKA, JICA president, Fuat GEDİK, Executive Board Chairman of Iller Bank, at the signing ceremony.