

Signing of Japanese ODA Loan Agreement with Nicaragua: Contributing to improved logistics in an impoverished region through bridge construction

On October 9, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Republic of Nicaragua in Managua to provide a Japanese ODA loan of up to 4.94 billion yen for the Rio Blanco-Siuna Bridges and National Road Construction Project.

The project will replace four bridges [1] and build access roads between Rio Blanco and Siuna along National Highway Number 21B, which connects in Managua, the capital city, and North Caribbean Coast Autonomous Region (RACCN) [2]. This will improve the transportation capacity along that interval with the objective of contributing to the development of the agriculture and livestock industries in RACCN. The loan funds will be allocated to public works for the four bridges and access roads to the existing road and to consulting services (including bidding assistance, overall project management and construction supervision).

Nicaragua still lacks the social infrastructure essential for economic development, and despite achieving gradual economic development in recent years, Nicaragua remains the second poorest country in Latin America and the Caribbean after Haiti. The economic disparity particularly between urban and rural areas is considerable, and RACCN, which is the project target region, is the poorest area of the country with a poverty rate [3] of 71 percent. Compared to the Pacific Ocean side of the country where Managua is, infrastructure development lags greatly on the Caribbean side where RACCN is located. Although RACCN has thriving agricultural and livestock industries, being second in the country for crop production, fourth for agricultural product land area and second for the number of livestock farmers [4], the region nevertheless lags in the infrastructure required to transport those products, greatly hindering economic development. The four project target bridges have deteriorated and corroded badly in recent years, and the danger of the bridges falling has been pointed out, making replacement a priority.

After the project replaces the four bridges, the passenger and freight volume is projected to increase by at least 1.5 times, and it is expected that the improved logistics and exports of agricultural and livestock products will develop those industries.

The Japanese ODA loan for this project is the first in Latin America to which the Special Terms for Economic Partnership (STEP) [5] apply. At the request of Nicaragua, high-quality infrastructure technology that is resistant to disaster and that has been accumulated by Japan will be introduced to Nicaragua, which is vulnerable to natural disasters.

For more than 20 years, JICA has provided assistance in the field of transportation infrastructure for the construction of 24 bridges through grant aid, and bridge construction projects are known to be symbolic of cooperation. Through this project, JICA will improve the transportation capacity of the national highway connecting the capital with RACCN, contributing to development of the agriculture and livestock industries, and correcting regional disparities.

(1) Labú, Lisawe, Mulukukú and Prinzapolka Bridges

(2) Región Autónoma de la Costa Caribe Norte

(3) The ratio of citizens living on one US dollar or less per day

(4) 2011 agricultural census

(5) STEP refers to special assistance terms for promoting the visibility of Japanese aid through a transfer of outstanding Japanese technology and expertise to developing nations. The main agreement is Japan tied and subcontracting is general untied. Although the main agreement allows a joint venture with the borrowing country, a Japanese company must be the leading partner in such an arrangement.

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Rio Blanco-Siuna Bridges and National Road Construction Project	4,940	0.1	0.01	40	12	Japan tied

2. Executing Agency

Ministry of Transport and Infrastructure

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3. Planned Implementation Schedule

(1) Completion of project: June 2022 – when all of the facilities are put into service

(2) Issuing of letters of invitation for consulting services (including detailed design work): November 2017

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

Procurement package title: Civil Works

Release date: October 2018

4. JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.

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signing ceremony