

Signing of Japanese ODA Loan Agreements with Iraq: Contributing to reconstruction through the provision and repair of water and irrigation facilities

On May 3, the Japan International Cooperation Agency (JICA) signed loan agreements with the Government of the Republic of Iraq in Baghdad to provide Japanese ODA loans of up to a total of 34.88 billion yen for two projects.

The impact of three conflicts and many years of economic sanctions since the 1980s plus the expansion of extremist groups since the end of 2013 have led to the degradation and destruction of power, water and other basic infrastructure, and there are massive reconstruction needs. In response, the Government of Japan announced at the International Conference for Reconstruction of Iraq held in Kuwait in February 2018 that the Government of Japan would continue providing support for reconstruction in Iraq through Japanese ODA loans in the power, water, oil and other sectors, including projects currently under implementation. The support for these two projects with these Japanese ODA loans constitutes a portion of the measures by the Government of Japan for such Iraq reconstruction in the international community.

Over the past 10 years, JICA has provided technical cooperation and support exceeding 600 billion yen in Japanese ODA loans for socioeconomic infrastructure. These Japanese ODA loans will provide economic reconstruction and living environment improvements through the provision of basic infrastructure for water resources, which will contribute to mid- to long-term economic stability, reconstruction in Iraq, and peace building.

A summary of the two Japanese ODA projects provided by the loan agreements is as follows:

- (1) Basrah Water Supply Improvement Project (II) (loan amount: 19.415 billion yen)
- (2) Irrigation Sector Loan (Phase 2) (loan amount: 15.465 billion yen)

Details for the projects are provided below.

(1) Basrah Water Supply Improvement Project (II)

(a) Objective and Summary

The project will provide water supply facilities, including a water treatment plant and a water distribution network, in Basrah and Hartha in Basrah Governorate in southern Iraq, thereby improving the water supply in both cities.

(b) Background and Necessity

Water resources in Iraq are greatly dependent on the Tigris and Euphrates Rivers which flow through the country from the northwest to the southeast, but due to the impact of multiple conflicts and many years of economic sanctions, the existing water facilities have not been updated or adequately maintained, and the functionality of the water system has decreased significantly. Although subsequent reconstruction measures have achieved a water service coverage ratio of 90 percent in Basrah and Hartha (total population of approximately 1.47 million people) as of 2017, inadequate equipment, degradation of existing water treatment plants and other factors have resulted in inadequate water system functionality and approximately 10 percent of households receive water supply fewer than 12 hours a day. In southern Iraq in particular, the level of salt concentration in the river water sources is significantly high, existing water treatment plants have degraded and there is inadequate equipment such that the quality of the water supply greatly diverges from international standards, and many residents must purchase expensive water for drinking from private companies. Although security in the area is relatively stable and is a key region for industrial development in Iraq, inadequate power and the inability to provide a stable supply of water suitable for drinking are critical challenges that could give rise to social unrest, and therefore providing water supply facilities for a stable supply of high-quality water is a priority.

A Japanese ODA loan (signed in June 2008 for up to 42.969 billion yen) was provided for stage I of this project, and this loan is for stage II.

(c) Executing Agency

Ministry of Municipalities and Public Works (MMPW)
Address: MMPW Building, Baghdad, Republic of Iraq

(d) Planned Implementation Schedule

1. Completion of project: August 2020 – when the facilities are put into service
2. Issuing of letters of invitation for consulting services (including construction supervision): Consultants have already been hired
Tender announcement of initial procurement package for international competitive bidding on project construction: Construction of Transmission System
Release date: February 2018 (already released)

(2) Irrigation Sector Loan (Phase 2)

(a) Objective and Summary

The project will construct and rehabilitate irrigation and drainage facility and agricultural land mainly in the Tigris-Euphrates River Basin to improve agricultural productivity, thereby contributing to socioeconomic reconstruction in Iraq.

(b) Background and Necessity

The agricultural sector in Iraq is a key industry accounting for nearly 10 percent of the gross domestic product, and is expected to provide promising employment particularly in agricultural regions in Iraq where unemployment is severe. Most of the land in Iraq has a desert climate with an annual rainfall of less than 250 millimeters and many regions have inadequate irrigated agriculture. Due to water leaks caused by degradation in the irrigation facilities, inadequate water due to the arid summer, accumulated salt in agricultural land due to a lack of drainage channels and other factors, agricultural productivity remains low. Further, as a result of water resource development in nearby countries in recent years, the flow volume of the Tigris and Euphrates Rivers has decreased, reducing the amount of water available in Iraq, and consequently the improvement of agricultural productivity and the expansion of irrigated agriculture through the efficient use of water resources and the provision and repair of irrigation and drainage facilities are priorities particularly in the central and southern parts of Iraq, which are the lower basin of the Tigris and Euphrates Rivers.

(c) Executing Agency

Ministry of Water Resources (MOWR)
Address: MOWR Building, Baghdad, Republic of Iraq

(d) Planned Implementation Schedule

1. Completion of project: March 2025 – when all of the facilities are put into service
2. Issuing of letters of invitation for consulting services (including construction supervision): August 2018
3. Tender announcement of initial procurement package for international competitive bidding on project construction: Construction of Irrigation and Drainage Network
Release date: March 2019



signing ceremony

Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Basrah Water Supply Improvement Project (II)	19,415	1.00	0.01	20	6	General, untied
(Irrigation Sector Loan (Phase 2)	15,465	Yen LIBOR +15bp	0.01	25	7	General, untied