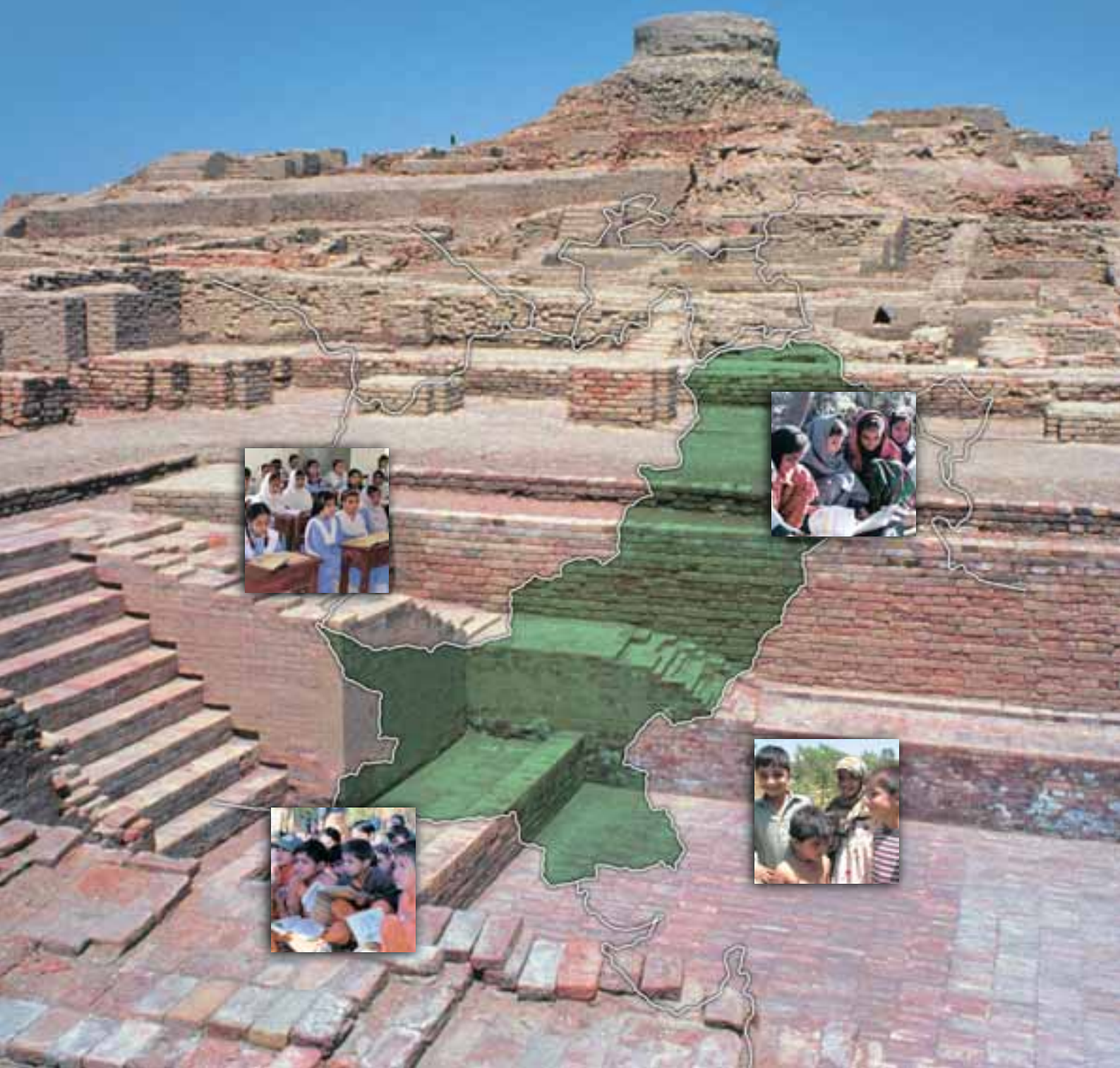


Toward Pakistan's Development

An Outline of Japan's ODA Loan Operations for Pakistan



An Outline of Japan's ODA Loan Operations for Pakistan

Pakistan has the second largest population in South Asia. Its stability and development is important for peace and economic development in the world.



Assisting Pakistan, and its importance for Japan

The UN Millennium Summit held in September 2000 set out the Millennium Development Goals (MDGs) as an agenda for all the countries and development institutions in the 21st century to meet the needs of the world's poorest. Japan has recognized the need to make efforts to achieve MDGs.

In April 2005, during then Prime Minister Junichiro Koizumi's visit to Pakistan, both countries issued the Japan-Pakistan Joint Declaration, and pledged to continue close

cooperation to ensure security, stability and prosperity in Asia. Sustainable development, counter-terrorism, disarmament and nuclear non-proliferation were addressed as a common agenda in the Joint Declaration.

In order for Pakistan to sustain growth and development, it is vital to continue assistance in poverty reduction and social and economic infrastructure development.

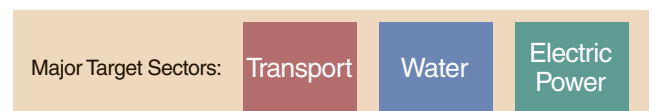
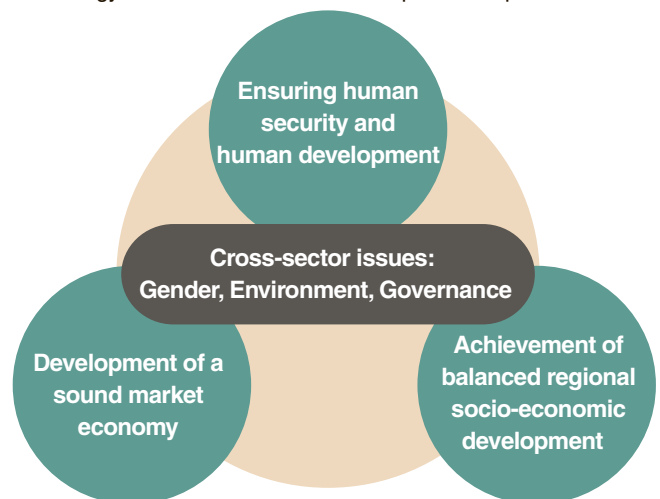
Japan's ODA Loan Policy

In February, 2005, the Government of Japan prepared the Country Assistance Program for Pakistan, which placed its priority on "ensuring human security and human development," "development of a sound market economy" and "achievement of balanced regional socio-economic development."

JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations, released in April, 2005 employed these three priorities as its ODA loan assistance strategy to Pakistan, adding gender, environment and governance as issues to be addressed from a cross-sectoral viewpoint. Following these two strategies and the development policy of the Government of Pakistan, JBIC seeks to reduce poverty by sustaining the country's economic growth, and to reduce regional and gender disparities, thereby fostering social stability.

Furthermore, based on the development priorities confirmed during the high-level discussions between the two governments, JBIC places its priority on the development of transport, water, and power infrastructure.

Priority Assistance Areas for Pakistan under the Medium-Term Strategy for Overseas Economic Cooperation Operations



The ODA Loans committed by Japan

The cumulative ODA loan commitments JBIC made to Pakistan (as of the end of October 2006) are the world's eighth largest following those from Indonesia, China, India, Thailand, Philippine, Vietnam, and Malaysia.

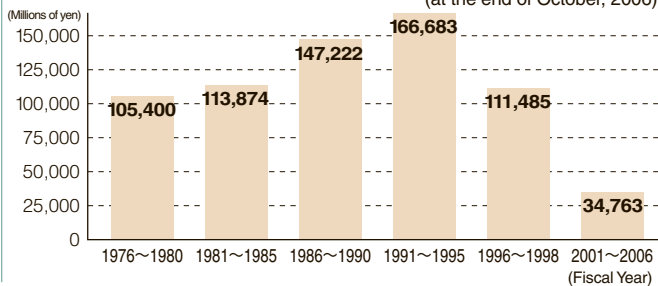
About 70% of them were project loans, with their proceeds being used for procurement of equipment materials and labor services, as well as for construction and operation of power, irrigation facilities, and roads.

The remaining 30% were commodity loans, in which finance

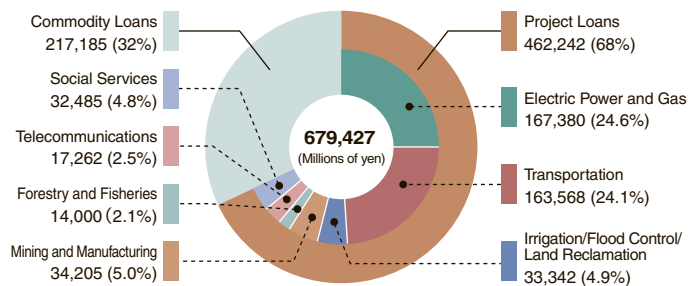
procurement of goods is based on the list of goods agreed on between the donor and recipient governments when the recipient country has balance-of-payments difficulties. An example is the Emergency Earthquake Recovery Loan JBIC approved in January 2006.

Traditionally, the majority of the ODA loans focused on financing both power and transport sectors. However, since the 1990s, social services such as water supply, education and irrigation have emerged as new sectors.

Chronological Pattern of ODA Loan Commitments for Pakistan (at the end of October, 2006)



Loan Commitments by Sector (at the end of October, 2006)

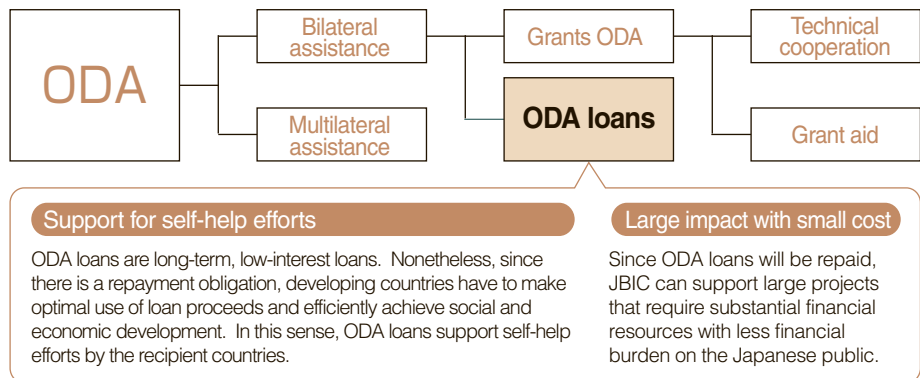


What is an ODA Loan?

An ODA loan is a component of Official Development Assistance (ODA), which aims to assist in economic development and social welfare in small developing countries. An ODA loan is offered on soft terms, characterized by a low interest rate and a long maturity. JBIC carries out ODA loan operations.

Different Types of ODA

ODA is broadly divided into bilateral assistance, which is provided directly to developing countries, and multilateral assistance, which is provided through international organizations such as the United Nations (UN). Bilateral assistance consists of concessional loans (ODA loans and others), grant aid, which provides funds without repayment obligations, and technical cooperation, which provides technical assistance to developing countries toward self-sustainable economic development.



Support for self-help efforts
ODA loans are long-term, low-interest loans. Nonetheless, since there is a repayment obligation, developing countries have to make optimal use of loan proceeds and efficiently achieve social and economic development. In this sense, ODA loans support self-help efforts by the recipient countries.

Large impact with small cost
Since ODA loans will be repaid, JBIC can support large projects that require substantial financial resources with less financial burden on the Japanese public.

Voice from the scene Toward the Development of Pakistan

One of the factors to be considered for development issues in Pakistan is its geopolitical importance. The Country Assistance Program by the Government of Japan emphasized the importance of developing underdeveloped regions bordering Afghanistan as a counter-terrorism measure. From a different perspective, I think we should turn our attention to the country's rapidly deepening ties with China in recent years. I cannot take my eyes off this point, since it may have a defining impact on the future direction of its economy.

Urgent issues the current government is facing include a declining ability of the economy to absorb its workforce through employment, increasing disparities in income and assets, and ongoing complex inflation as well as poverty

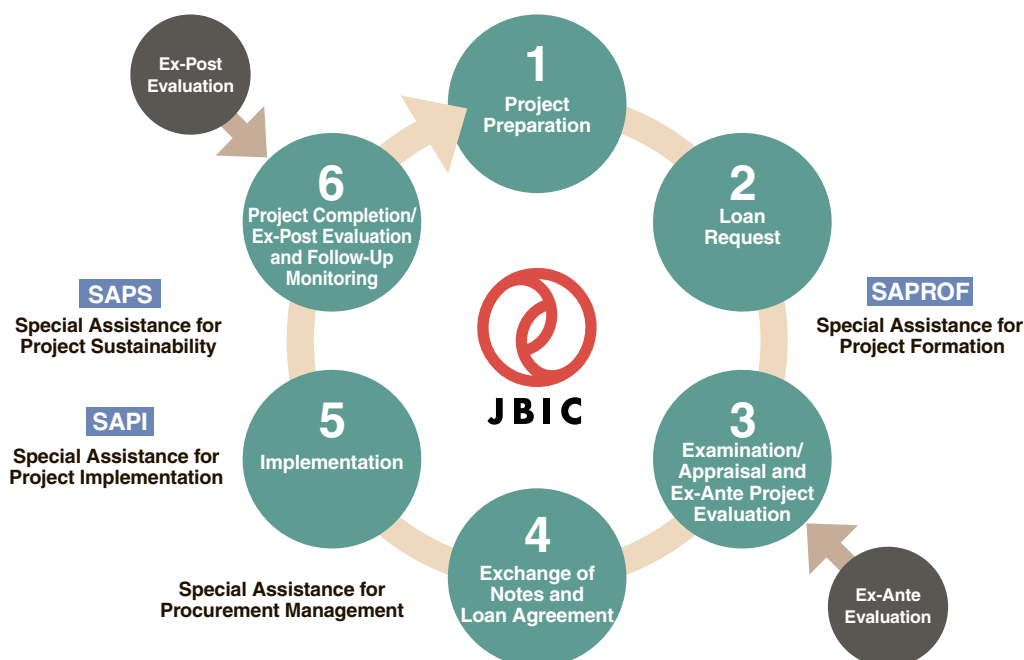
reduction. More fundamental issues include drastic improvement in social and economic infrastructure, determining the future course of industrial development and ensuring the consistent and continuous policies for these purposes. In this context, JBIC plays a very considerable role, especially in the latter issues. What distinguishes JBIC in Japan's ODA activities is that it has the capacity to participate in projects that have economies of scale and to address global issues. In other words, one could say that JBIC has competence in the areas where international cooperation should be promoted. Having said that, I believe that there still remains a substantial need for JBIC to differentiate itself from the World Bank and Asian Development Bank.



Sitara-i-Quaid-i-Azam, Project Formulation Adviser
Mr. Shigemochi Hirashima, Ph. D.

ODA Loan Project Cycle

The series of steps in providing an ODA loan consists of project preparation, appraisal, signing of a loan agreement, implementation, and ex-post evaluation and monitoring after the project completion.



1 Project Preparation

A developing country draws up medium- and long-term development plans and carries out project identification with due consideration for targets and strategies in these plans. JBIC conducts macroeconomic and sector surveys and examines the urgency and priority of the identified projects through policy dialogue with the governments of developing countries. Before moving to implementation, the project plan comes under further analysis with respect to economic, social, technical and environmental aspects. This feasibility study (F/S) is either carried out by the government of the developing country on its own or through technical assistance from the Japan International Cooperation Agency (JICA) or other international organizations.

2 Loan Request

The government of developing countries files a loan application to the Japanese Government, accompanied by documents produced in the project identification and preparation stages.

3 Examination/Appraisal and Ex-Ante Project Evaluation

JBIC examines the loan application documents submitted by the governments of developing countries. At this point, the Japanese Government may send a mission, if necessary, to consult with the country requesting the loan. Subsequently, JBIC sends an appraisal mission to the requesting country for discussions with officials involved in the project and for field visits. The mission studies economic, social, technical and environmental aspects of the project in detail. For all ODA loan projects for which appraisal is carried out after April 1, 2001, JBIC prepares the Ex-Ante Project Evaluation Report and posts it on its website soon after the signing of a loan agreement.

If it is judged that a supplemental study is required prior to JBIC's examination and appraisal, JBIC may conduct a Special Assistance for Project Formation (SAPROF) study.

4 Exchange of Notes and Loan Agreement

Based on the results of the appraisal conducted by JBIC, the Japanese Government makes a decision over loan provision as well as its amount, terms and conditions. Based on the decision of the Cabinet, the Japanese Government signs a diplomatic document, the exchange of notes (E/N), with the recipient government. Thereafter, JBIC and the borrower sign a loan agreement (L/A).

5 Implementation

After the signing of the L/A, the project enters the implementation stage. Essential inputs to the project—such as materials, equipment and civil works—will normally be procured through international competitive bidding, as it is the most economical and efficient method. Disbursements are made upon requests from the borrowing country. If deemed necessary, JBIC conducts a Special Assistance for Procurement Management.

In principle, funds are released as their needs actually arise with the progress of the project.

The borrowing country is responsible for carrying out the project, while JBIC offers advice as necessary for smooth project implementation. If deemed necessary, JBIC conducts a study under the Special Assistance for Project Implementation (SAPI).

6 Project Completion/Ex-Post Evaluation and Follow-Up Monitoring

JBIC conducts ex-post evaluation for completed projects in order to draw lessons for future projects. Ex-post evaluation assesses the project implementation, postcompletion operation and maintenance of project facilities and development effectiveness of ODA loan-financed projects in comparison with the initial plan. In addition to individual projects, evaluation takes place at the program level, making a comprehensive assessment with respect to the economic and social impact of the project portfolio on a given region or sector.

The experience and lessons drawn from ex-post evaluation have been accumulated inside JBIC and effectively fed back to the borrowers and projectexecuting agencies to increase the effectiveness of development assistance. In 2004, JBIC introduced a four-grade rating system to project evaluation in order to ensure sufficient accountability and effective ODA loan operations. For detailed results of ex-post evaluation, Ex-Post Evaluation Reports are available on the JBIC website.

Furthermore, JBIC may, upon request from the borrowing country, conduct a study under the Special Assistance for Project Sustainability (SAPS).

SAPROF Special Assistance for Project Formation

For better preparation

The preparation and formation of development projects involves multifaceted studies which require expertise in a broad range of fields. However, even in the case of high-priority projects, developing countries are often unable to undertake detailed project planning because of financial and technical limitations. In such cases, when a country requests or indicates the intention to request JBIC's financial assistance, JBIC can carry out a Special Assistance for Project Formation (SAPROF) study, additional assistance for the developing country to plan the effective project. SAPROF assignments are carried out by consultants and experts hired by JBIC.

SAPI Special Assistance for Project Implementation

For better implementation

Over the years, JBIC has found it increasingly necessary to offer detailed advice and recommendations throughout the implementation stage of projects to ensure that projects are implemented smoothly and that their goals are

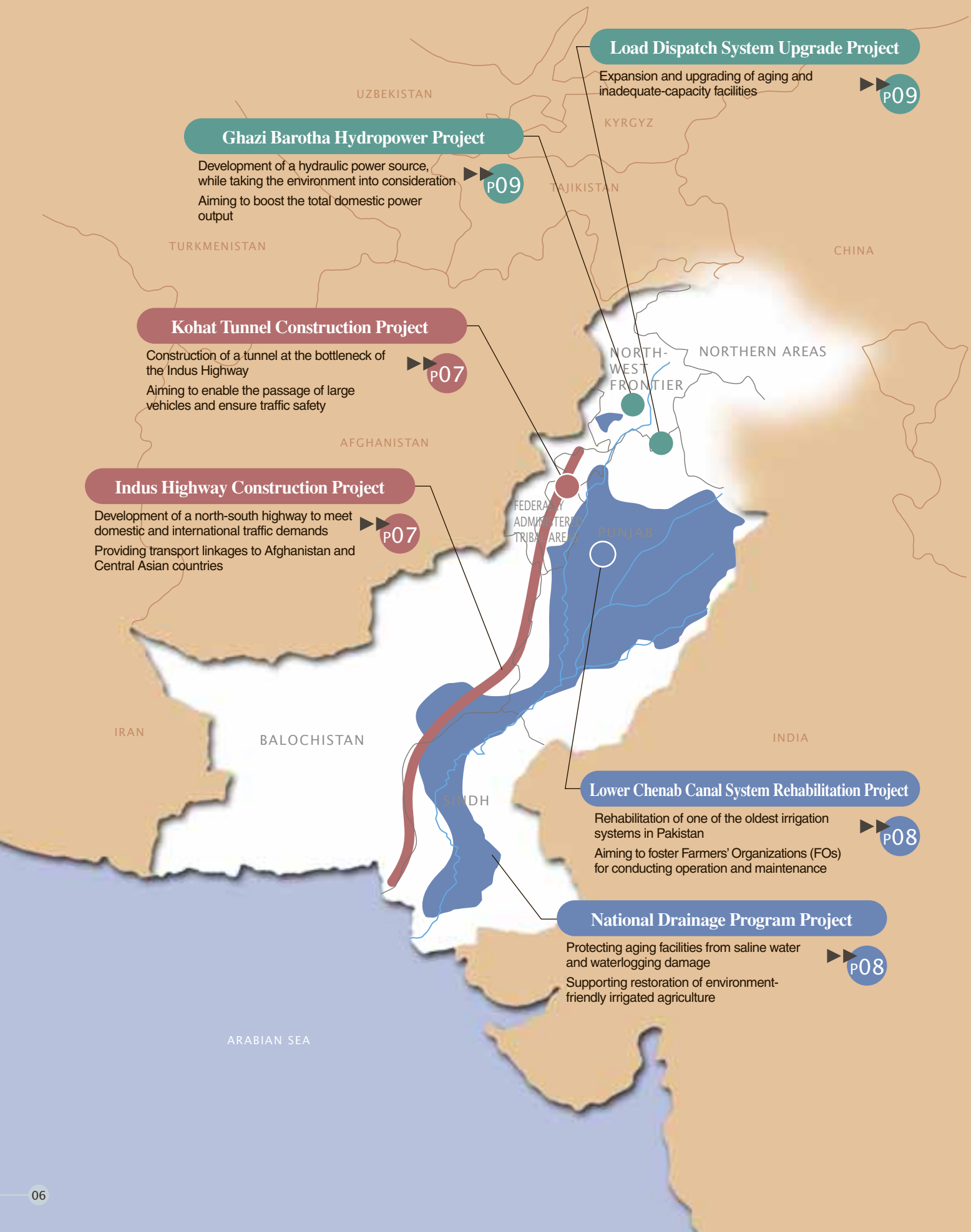
accomplished. In order to establish a framework for providing these advisory services in a speedy and effective manner, JBIC can carry out Special Assistance for Project Implementation (SAPI). Projects eligible for assistance under SAPI are those funded by JBIC. The selected project should have a recognized need for additional studies designed to ensure the smooth implementation and achievement of goals. SAPI assignments are carried out by consultants and experts hired by JBIC.

SAPS Special Assistance for Project Sustainability

For better outcome after completion

The purpose of Special Assistance for Project Sustainability (SAPS) is to investigate and identify problems that impede sustainable realization of project benefits and to propose solutions to these problems. Although the recipient countries maintain responsibility for the management, operation and maintenance of projects after its completion, JBIC may carry out a SAPS study when JBIC perceives the necessity and urgency of assistance. JBIC hires consultants to perform this service.

ODA Loans for Pakistan



Load Dispatch System Upgrade Project

Expansion and upgrading of aging and inadequate-capacity facilities

P09

Ghazi Barotha Hydropower Project

Development of a hydraulic power source, while taking the environment into consideration
Aiming to boost the total domestic power output

P09

TURKMENISTAN

UZBEKISTAN

KYRGYZ

TAJIKISTAN

CHINA

Kohat Tunnel Construction Project

Construction of a tunnel at the bottleneck of the Indus Highway
Aiming to enable the passage of large vehicles and ensure traffic safety

P07

NORTH-WEST FRONTIER

NORTHERN AREAS

AFGHANISTAN

Indus Highway Construction Project

Development of a north-south highway to meet domestic and international traffic demands
Providing transport linkages to Afghanistan and Central Asian countries

P07

FEDERALLY ADMINISTERED TRIBAL AREAS

PUNJAB

IRAN

BALUCHISTAN

INDIA

SINDH

Lower Chenab Canal System Rehabilitation Project

Rehabilitation of one of the oldest irrigation systems in Pakistan
Aiming to foster Farmers' Organizations (FOs) for conducting operation and maintenance

P08

National Drainage Program Project

Protecting aging facilities from saline water and waterlogging damage
Supporting restoration of environment-friendly irrigated agriculture

P08

ARABIAN SEA

Transport Sector

The north-south highways, linking Karachi and Peshawar, form a major transport corridor in Pakistan. In order to meet recent growing volumes of freight traffic, it is crucial to strengthen transport systems, including road and railway networks, thereby providing a sound basis for the country's economic development. There is also a need to develop rural roads to provide rural people with easy access to markets and public facilities. JBIC has supported transport infrastructure development in cooperation with the World Bank and ADB.



Indus Highway Construction Project (I) (II) (IIB) (III)

- Loan amount: ¥66,900 million (total of four loans)
- Signing of the loan agreements: March 30, 1989 (I), January 14, 1991 (II), August 19, 1993 (IIB), December 15, 2006 (III)
- Executing Agency: National Highway Authority (NHA)

The National Highway 55 (Indus Highway) is a major road linking Karachi and Peshawar along the western bank of the Indus River. However, due to the narrow width of the road and its deteriorated surface, the Indus Highway could not meet growing traffic demands in the past.

In this project, 960km road sections, which account for eighty percent of the 1,200km National Highway 55, were constructed. As a result, the travel distance between Karachi and Peshawar was shortened by about 500km, and the driving time almost halved. The Indus Highway is not only contributing to socioeconomic development in the regions along the road but also strengthening logistical capacity to Afghanistan and Central Asian countries.



Contributing to growing freight transport to Afghanistan and Central Asian countries

Kohat Tunnel Construction Project (I) (II) (III)

- Loan amount: ¥12,600 million (total of three loans)
- Signing of the loan agreements: November 22, 1994 (I), July 30, 2001 (II), February 4, 2003 (III)
- Executing Agency: National Highway Authority (NHA)

The Indus Highway Project has improved the transport capacity of the highway. However, the road over the Kohat pass, located in the North-West Frontier Province (NWFP), goes through steep terrain and has sharp curves. The road is also too narrow for large trucks and trailers to pass through and traffic accidents have been frequent.

In this project a new tunnel (length: 1,885m, width 7.3m) and the 28km approach road were constructed. The project has enabled the passage of large vehicles, ensured traffic safety and reduced travel distance. The tunnel has removed the transport bottleneck on the Indus Highway and contributed to economic and community development in the NWFP.



As a symbol of friendship between Pakistan and Japan, Kohat Tunnel is adopted in the Memorial stamp for the 50th Anniversary of Japan's international cooperation in Pakistan.

Toward Pakistan's Development

When I arrived in Pakistan in 2002, new ODA loans had been suspended following the nuclear experiment in 1998. I thus felt that people had hardly any expectations for Japanese assistance.

It was in this general atmosphere that the Kohat Tunnel was completed in June 2003. It served as an alternative route to the Kohat pass which was the Achilles heel of National Highway 55, a major road linking northern and southern Pakistan. The project had a major impact, so much so that a commemorative stamp was issued subsequently. Japanese civil engineering as well as JBIC's responsible administration of the assistance won high praise and rightly raised of the expectations for road development with Japanese help.

As the transport sector in Pakistan relies heavily on roads, there has been an urgent need for road improvement and development to make progress in economic development. When ODA loans were resumed and many project applications were filed, I was relieved, thinking

that finally the time had come when Japan could provide assistance which has a distinct Japanese profile.

At the forefront of development assistance, I could say that compared with the World Bank and ADB, JBIC is viewed as providing a good-quality follow-up, once assistance is decided. I think this is why our projects are likely to receive high evaluations. On the other hand, the process of making decisions on assistance takes a significant amount of time. Therefore, I face a lot of difficulties in convincing our recipient country partners of our intention to provide assistance, even in the case of assistance-worthy projects.

I hope I can devise ways of communicating to our recipient country partners the "possibility" of receiving assistance.

Finally, the experience from the Kohat Tunnel Project tells us that good-quality ODA loan-funded projects will make a significant contribution to development in recipient countries.



Subleader, Planning and Design Team, Headquarters East Nippon Expressway Company
Masaru Kondo

Dispatched between December 2002 to January 2006 as a JICA expert of transport policy assistance

Water Sector

Agriculture is one of the principal sources of foreign currency earnings and the crucial supplier of raw materials to the country's major industries, such as textiles and sugar production. Despite its importance, agricultural productivity remains low because of scant rainfall and aging irrigation infrastructure. JBIC has supported to improve irrigation systems, as well as increase the efficient use of water resources by fostering Farmers' Organizations (FOs).



National Drainage Program Project

- Loan amount: ¥10,800 million
- Signing of the loan agreement: March 31, 1997
- Executing Agency: Water and Power Development Authority (WAPDA)

The irrigation system in the Indus Basin, the heartland of irrigated agriculture in Pakistan, serves the largest area in the world with its canal irrigation network. However, its efficiency in irrigation is very low, and its underdeveloped or aging irrigation and drainage systems have raised the water level, causing increasingly extensive damage to crops with salinity in the soil and waterlogging.

With the help of the World Bank, the Government of Pakistan launched in 1993 the National Drainage Program (NDP), which included sweeping reforms on operation and maintenance systems of irrigation and drainage facilities affected by salinity and waterlogging. In this project, JBIC cofinanced with the World Bank and the ADB and helped institutional reforms in Punjab and Sindh to improve irrigation and drainage facilities as well as operation and maintenance



Supporting environment-friendly irrigated agriculture

systems. These efforts have contributed to reducing crop damage caused by soil salinity and waterlogging, rehabilitating environmentally-friendly irrigated agriculture and increasing the efficiency of water usage.

Lower Chenab Canal System Rehabilitation Project

- Loan amount: ¥12,500 million
- Signing of the loan agreement: August 10, 2005
- Executing Agency: Punjab Irrigation and Drainage Authority

While 80% of agricultural area in Pakistan is irrigated agricultural area, inefficient use of water associated with water shortages and aging irrigation facilities have resulted in low agricultural productivity. The Lower Chenab Canal System (LCC) is one of the oldest irrigation systems in Pakistan, as it was developed in the days of the British colonial rule at the end of the 19th century, and serves the largest area in Punjab. However, as irrigated areas expand, the inadequate capacity of its irrigation facilities has become increasingly apparent, with eroded canals and aging facilities hampering the efficient use of water and significantly affecting agricultural production.

This project consists of remodeling and rehabilitating the existing irrigation and drainage facilities. In addition, it supports the establishment and development of Farmers' Organizations (FOs) to conduct operation and maintenance of irrigation systems. The project thereby aims to increase agricultural production and farmers' incomes, thereby contributing to poverty reduction and regional economic development.



Fostering Farmer's Organizations (FOs) conducting operation and maintenance

Pakistan-Japan Strengthening Friendship ties

Pakistan's agriculture remains the driving force and major source of livelihood. The irrigated agriculture accounts for more than 90% of agriculture production of the country and is mostly dependent upon irrigation water suppliers to farmers through large network of irrigation system. Pakistan has world's largest contiguous irrigation system and this system is now almost a century old and needs rehabilitation and improvements in the existing network of canals to maintain sustained supply of water to the farmland.

In order to improve the gigantic irrigation system to meet the present day needs, huge financial investment is required but Pakistan alone is unable to invest huge amounts to carry out such rehabilitation activities.

We appreciate Japan's longstanding partnership and initiatives in development and management of irrigation infrastructure and water resources. We highly value the interest and support in promoting various water sector projects which would go a long way in alleviating poverty, achieving accelerated economic growth leading towards considerable improvement in quality of lives. The People of Pakistan always respect such cooperation by the People of Japan towards playing a vital role in their social and economic up-bringing. We wish to thank the People of Japan for their interest towards alleviating poverty among masses and contributing to socio economic development of the Islamic Republic of Pakistan.



Government of the Punjab,
Irrigation and Power Department
Additional Secretary
Mr. Asrar-Ul-Haq

Power Sector

The average percentage of households with electricity in Pakistan remains a low 72%. Assuming that demand for electricity will grow 7.4% annually, a power capacity shortage of 27% is projected in 2010. Considering that power sector development is a major factor for stimulating economic activity in the private sector, JBIC places the focus of its ODA loans on supporting the transmission and distribution to reduce a high 23.7% electricity loss and for hydropower generation to reduce dependence on imported fuel.



Ghazi Barotha Hydropower Project (I) (II)

- Loan amount: ¥34,900 million
- Signing of the loan agreements: March 22, 1998 (I), March 31, 1997 (II)
- Executing Agency: Water and Power Development Authority (WAPDA)

The project was to build a barrage at Ghazi, 7km downstream from the Tarbela dam in northern Pakistan, to divert water from the Indus River, and a 52km channel to transport the water to Barotha, where a run-of-the-river power plant with a capacity of 1,450 megawatt (MW) was to be installed. The project would eliminate chronic power shortages facing WAPDA whose service covers almost the whole country. The total power production in Pakistan amounted to 73,520 gigawatt-hours (GWh) in 2005, while this power complex could generate 6,600GWh of power annually.

This was a cofinancing project with the World Bank, ADB and others, with JBIC providing ¥35,000 million of the total project cost of ¥250,000 million. At the same time, the project also contributes to power development by harnessing domestic resources, as envisaged by the National Ten-Year Development Goal. Furthermore, it was reported that malaria incidence fell with reduction of pools of standing water, which are breeding grounds of mosquitoes, which are vectors of malaria.



Responding to surging power demand

Load Dispatch System Upgrade Project

- Loan amount: ¥3,800 million
- Signing of the loan agreement: August 10, 2005
- Executing Agency: National Transmission and Dispatch Company

The project is to modernize and expand the National Power Control Center (NPCC), which controls power generation to match electric power supply and demand in the entire country (excluding Karachi), and its related facilities in Islamabad, thereby ensuring a stable supply of power.

The load dispatch system enables to generate electricity that exactly meets demand, thereby providing a stable supply of power, and minimize areas and time affected by power outages in time of emergency situations. Whereas the existing NPCC is equipped with the power supply facilities capable of remote monitoring of the power grid system, it frequently faces communication failures and equipment breakdowns due to the rapidly expanding power system, limited supply capacity and aging facilities. NPCC is thus currently unable to monitor the entire power system around the clock and could cause widespread power outages and other problems. Therefore, JBIC supported drastic upgrading and capacity expansion of NPCC facilities to ensure a stable power supply.



Aiming at a stable supply of power

Partnership of national Transmission and Dispatch Company Ltd. and Japan bank for International Cooperation

It is a matter of immense pleasure for us to acknowledge the support extended by JBIC in the development of high voltage transmission network in the area served by NTDC. During last decade, JBIC provided a loan of ¥12,022 million for construction of 220kV transmission lines linking seven 220kV Grid Stations with the nearby 500kV Grid Stations. This project has resulted in improving the reliability of the network.

JBIC has sanctioned a loan of ¥3,839 million for up-grading the national Power Control Centre for

improving the energy management and power dispatch on the network. The project would incorporate the latest SCADA techniques. The upgraded National Power control centre is expecting completion by the year 2008.

The completion of above projects will help in growth of industry and social sector development. The creation of jobs in industrial and social development sectors will help in poverty alleviation in the country.



National Transmission and Dispatch Company Limited
Chief Executive Officer
Mr. Muhammad Shabbir Chaudhry

Toward Further Development of Pakistan

In addition to supporting priority areas, JBIC is making efforts to provide assistance by keeping sights on its current and forward-looking needs.

Supporting Recovery from Earthquake

Emergency ODA Loan was extended after a very short processing period lasting only about three months following the earthquake

On October 8, 2005, when the harsh winter is not too far off in the northeastern Pakistan, a major earthquake with a magnitude of 7.6 points on the Richter scale devastated the region, leaving 73,000 people dead, 70,000 wounded and 2.8 million without shelter.

The damage was concentrated in the relatively underdeveloped North-West Frontier Province and Azad Jammu Kashmir. In some areas, more than 80% of the affected houses were collapsed or partially damaged, and imminent snowfall, in addition to severed roads, hampering adequate relief supply raised concerns over the displaced people freezing and/or starving to death. Even if disaster victims could come



Rubbles of a flattened house

down from the highlands and reach emergency relief stations, poor water, sanitation and medical infrastructure could make it impossible to provide them with adequate aid, and infectious diseases could break out.



Students standing helpless at their collapsed school

Contributing to Early Rehabilitation and Economic Stability

JBIC participated, together with the Japan International Cooperation Agency (JICA), in damage and needs assessment carried out under the leadership of the World Bank and UN agencies. Based on its findings, JBIC provided an ODA loan totaling ¥11.22 billion as the Emergency Earthquake Recovery Loan. Participation in the damage and needs assessment enabled JBIC to identify assistance needs at a very early stage and share relevant information with the Government of Pakistan and other aid agencies, leading to early provision of an emergency loan. This loan focused on assistance for humanitarian relief efforts and preparatory work for subsequent reconstruction, including cleaning up debris, which set the stage for full-scale recovery efforts from the spring. The proceeds of the loan were also used by the Government of Pakistan for rehabilitating such infrastructure as roads, water supply and sanitation in the affected areas.

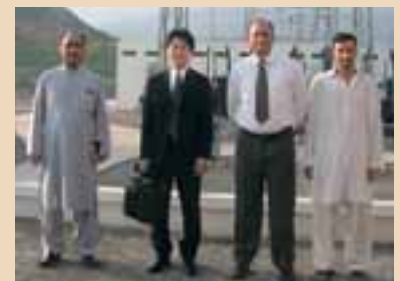
Having a Hand in Assistance for Pakistan's Power Sector

For a greater number of people to enjoy the convenience of electric power, it is crucial to secure power sources. Yet Pakistan faces a dilemma: if the country moves ahead with thermal power development, it has to import petroleum for generating electricity. Considering this reality, JBIC has financed hydropower facilities which require a high cost for initial investment but a low cost per unit of electricity generated over the longer term. JBIC's ODA loans have contributed greatly to the securing of power sources in Pakistan.

In fact, during my visit to the state-owned transmission company and other places,

I have learned that JBIC-supported projects have brought substantial benefits to the people. What is more, all officials of these entities were more than happy to provide polite and meticulous explanations for their facilities, indicating enthusiasm for their work.

To enhance the effectiveness of support, I think JBIC needs get involved in the maintenance of machinery and equipment installed in the ODA loan-financed projects and staff training programs. By increasing its involvement in these post-completion activities, JBIC will be able to realize assistance with a more distinct Japanese profile.



an Intern from Kobe University graduate school student Mr. Atsushi Morishita



Revitalizing Karachi

Proposing a Revitalization Plan for the Commercial City
 Karachi, which is the largest city in Pakistan and its former capital, has been a major driving force of the country’s economy as the primary export port for the textile industry and a commercial and financial center. However, a large influx of domestic migrants as well as foreigners has degraded its security and living conditions, thus having an adverse impact on the Karachi economy.

The city remains a major hub of domestic transport network today, and its port handles the largest volume of shipment in the country, serving as a key node of marine transport to foreign countries. However, infrastructure that provides foundations for urban living and industrial activity in Karachi continues to lag behind and constitutes one of the factors that hinders its development. Since the city’s growth will help develop other areas in Sindh as well as less-developed areas such as Balochistan, it is vital for a well-balanced development of Pakistan.

Making Karachi the Linchpin of Pakistan’s Development
 JBIC proposed a scenario for revitalizing Karachi in its study entitled “Karachi Vitalization Scenario.” JBIC intends to provide advice for formulating a long-term development vision of Karachi and propose financial support for infrastructure development, thereby contributing to revitalization of Karachi and economic growth in Pakistan.



The Karachi Port, which is on the Persian Gulf, sees landing of fish catches everyday

Efforts in the Water Supply and Sewerage Sector

Fulfilling Basic Human Needs
 In Pakistan, only 63% of the population has access to piped water, and 46% of the total households live without toilet facilities, according to government indicators. While 94% of urban dwellers use toilets, only 37% of the people living in rural areas do so. Such disparity remains a problem.

Expansion of water supply facilities is also falling behind the rising demand for water induced by the growing population and industrialization. Even in Karachi, the largest city in Pakistan,

pipled water is supplied for less than four hours a day. At the same time, due to excessive reliance on groundwater, environmental problems have emerged such as declining groundwater levels and increasing salinity. In addition, since sewerage systems are underdeveloped, polluted water in rivers has spread communicable diseases that cause diarrhea and hepatitis. Every year 3 million people are infected with waterborne diseases, of which 1.2 million die.



The Simly purification plant under construction

Key Development Area Conducive to Poverty Reduction
 JBIC gives priority to water supply and sewerage, since it is not only one of the basic social services, but a key development area conducive to poverty reduction as well. The development of water supply and sewerage in major cities, including Lahore and Karachi, is essential for improving the living environment as well as the investment climate.

JBIC intends to support projects, primarily in urban areas, with ODA loans, investing in deficient or aging water supply and sewage treatment facilities, as well as addressing the high leakage ratio caused by deteriorating distribution systems.

Major Projects Financed by ODA Loans

- 1 Indus Highway Construction Project (I) (II) (III)
- 2 Second 220KV Guddu-Sibbi-Quetta Transmission Project
- 3 Track Circuits at 94 Mainline Stations Project
- 4 Bin Qasim Thermal Power Station Expansion Project (I) (II)
- 5 Agricultural Credit Program
- 6 On-Farm Water Management Project
- 7 Telecommunications Network Expansion Project
- 8 Rural Roads Construction Project
- 9 Diesel Electric Locomotives Rehabilitation Project (I) (II)
- 10 Diesel Electric Locomotives Production Project (I) (II)
- 11 Engineering Services For Malir Basin Agricultural Development Project
- 12 Kohat Tunnel Construction Project (I) (II) (III)
- 13 Karachi Water Supply Improvement Project
- 14 Survey Vessel Modernization Project
- 15 Secondary Transmission Lines and Grid Stations Project
- 16 Ghazi Barotha Hydropower Project (I) (II)
- 17 Balochistan Middle Level Education Project
- 18 National Drainage Program Project
- 19 Load Dispatch System Upgrade Project
- 20 Lower Chenab Canal System Rehabilitation Project

*In addition to the projects mentioned above, in total JBIC has provided 73 ODA loans to Pakistan. (at end of March, 2006)



World Heritage Sites in Pakistan



- 1** Archaeological Ruins at Moenjodaro
(Date of Inscription 1980)
The largest ruins of the Indus Civilization. "Moenjo" means the dead, while "Daro" means a hill.



- 2** Fort and Shalamar Gardens in Lahore
(Date of Inscription 1981)
In Lahore, the ancient center of the great Mughal Empire, the Indian-Muslim architecture using red sand-stones looks beautiful against the blue sky.



- 3** Historic Monuments of Thatta
(Date of Inscription 1981)
Thatta was constantly embellished from the 14th to the 18th century. The remains of the city provide a unique view of civilization in Sindh.

- 4** Rohtas Fort (Date of Inscription 1997)
The strong fortified complex was built as a strategic defense base during the Suri Dynasty in the 16th century. The main fortifications consist of the massive walls, which extend for more than 4km.

- 5** Taxila (Date of Inscription 1980)

The city of Taxila prospered from the 5th century B.C. to the 6th century A.D. as an important Buddhist centre of learning in Gandhara.

- 6** Buddhist Ruins at Takht-i-Bahi and Neighboring City Remains at Sahr-i-Bahlol
(Date of Inscription 1980)

The Buddhist monastic complex dating from the 1st to 7th century.



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*If you would like to know the details of JBIC's ODA loan operations, please contact to the above contact information.