

FOR IMMEDIATE RELEASEINTERNATIONAL MONETARY FUND
JOINT LIBRARY**World Bank**

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1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C.BANK NEWS RELEASE NO. 86/18
August 29, 1985Contact: P.B. Sison
(202) 477-3573KOREA TO LAUNCH \$122 MILLION WATER SUPPLY PROJECT

Korea is launching a project to improve water supply in two southern regions where economic development is hampered by the scarcity of water. The project, estimated to cost more than \$122 million, will provide adequate and reliable water supply to 13 municipalities in Kyeongnam Province and to Taegu City. The World Bank is supporting the project with a loan of \$38 million.

The project consists of two operations. It will provide treated water to two cities, Chungmu and Samcheonpo, and 11 towns and villages in Kyeongnam under the Namgang Regional System. The project will include a water intake and raw water pumping station from the Namgang Reservoir, a water treatment plant, and transmission pipelines.

In 1983, 55 percent of population covered by the Namgang system had house connections, but no public water supply was available in nine of the 13 municipalities. In the other four, water was severely rationed.

The region has a good potential for tourism, fisheries, and export-related industrial development. The project is expected to provide water service to 75 percent of the population in 1988, 82 percent in 1991.

The second operation, the Taegu Water System, will eliminate water rationing in Taegu after 1988 and provide water supply to some 780,000 new consumers by 1995. It includes the expansion of the water intake and pumping station from the Nakdong River, expansion of the Dasa treatment plant, and transmission and distribution facilities.

This System also will be provided with additional booster pumping stations, service reservoirs, replacement distribution pipes, and improved control instrumentation. Consultants will help to supervise both operations.

Taegu is the third largest city in Korea, with a population of two million people. The project will expand water supply to reach the poorest areas and eliminate problems of rationing, low pressure, and intermittent supply. A water leak detection program will reduce water loss from 40 percent of production to less than 30 percent by 1990.

Besides the loan from the World Bank, financing for the project will be provided by the government, \$34.4 million; internal cash generation and bonds from cities under the Namgang Regional System, \$7.1 million, and from Taegu, \$38.8 million; and the Asian Development Bank, \$4 million.

The World Bank loan is for 15 years, including three years of grace, with a variable interest rate, currently 8.82 percent, linked to the cost of the Bank's borrowings. It also carries an annual commitment charge of 0.75 percent on undisbursed balances.

NOTE: Money figures are expressed in U.S. dollar equivalents.

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IDA NEWS RELEASE NO. 86/18
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Contact: Loso Boya
(202) 477-3294

RWANDA CONTINUES ROAD MAINTENANCE AND RECONSTRUCTION PROGRAM

Rwanda is continuing its efforts to upgrade and maintain its roads with a project to be supported by new credits of SDR 10.7 million (\$11 million) from the International Development Association (IDA) and SDR 14.5 million (\$15 million) from the Special Facility for Sub-Saharan Africa and a reallocation of \$5 million from an earlier IDA credit. IDA is the World Bank's affiliate for concessionary lending.

The project, expected to be completed by December 1989, will result in savings in the cost of operating vehicles; reduced costs for future repairs; and improved safety.

About 4,060 kilometers of road will be maintained, including Rwanda's major highway arteries. The Kigali-Gatuna Road, which runs 80 kilometers from central Rwanda to the north, will be reconstructed. This highway carries substantial internal traffic and serves as Rwanda's main road link for its import and export trade.

A broad range of technical assistance and training will be provided to the Roads Branch of the Ministry of Public Works along with equipment, materials, and supplies. This will include managerial, technical and financial consulting services to strengthen the institutional capacities of the Ministry and expert services in transport planning for the Ministry of Transport and Communications. Extensive local and foreign training will be provided to staff of the Roads Branch.

The government will provide funding of \$17.2 million for the \$59.1 million project. Cofinanciers include the United Nations Development Programme, the Arab Bank for Economic Development in Africa, the World Food Program, and the Government of France.

The Africa Facility was established by international donors in mid-1985 to provide quick-disbursing credits to sub-Saharan countries implementing far-reaching economic reforms. It is administered by IDA.

The credits from IDA and the Africa Facility are for 50 years, including 10 years of grace; they carry no interest but have annual charges (0.5 percent on the undisbursed balances and 0.75 percent on the disbursed balances).

NOTE: IDA credits are denominated in Special Drawing Rights, which are valued on the basis of a "basket" of currencies. The U.S. dollar equivalent of the SDR amount of the IDA credit reflects the exchange rates existing at the time of the negotiation of the credit.