

Signing a Loan Agreement For financing Atar – Tagakga Road Project in Mauritania

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A Loan Agreement was signed between the Islamic Republic of Mauritania and Kuwait Fund for Arab Economic Development, whereby the Fund shall make a loan of KD 5,700,000 (Equivalent to about US\$ 20 million) to assist in the financing of Atar – Tagakga Road Project in the Islamic Republic of Mauritania.

The Loan Agreement was signed on behalf of the Islamic Republic of Mauritania by H.E. Mr. Abdulrahman Ould Ham Fazaz, Minister of Economy and Development Affairs and Mr. Hesham Al-Waqayan, Deputy Director-General of Kuwait Fund for Arab Economic Development on behalf of Kuwait Fund. The project aims at augmenting the economic and social development as well as tourism in Mauritania through improving the national road networks and constructing an internal transport corridor to ensure transport between the cities of Atar and Tagakga and connecting the national road networks with the Moroccan Road Networks and the African Road Network. The implementation of the project shall contribute to the development of the areas between the two cities and facilitate its contact with other parts of the country, as well as providing the basic services necessary to raise the standard of living to the inhabitants of such areas. The project consists of the construction of an asphalted road of a length of 340 KM and a width of 7 M with shoulders of a width of 1.5 M between the cities of Atar and Tagakga and a number of feeder roads leading to the adjacent villages of a total length of 30 KM. The project also includes maintenance works support, institutional support and consulting services for the detailed engineering, preparation of the tender documents and supervision of the works. The project is expected to be completed during the first quarter of 2011. The total cost of the project is estimated at about Mauritanian Ouguiya 27 billion (equivalent to about KD 29 million) of which 70% will be in foreign currency. The Kuwait Fund's loan will cover 20% of the of the total cost of the project. The Islamic Development Bank, the Arab Fund and Saudi Fund will also contribute to the financing of the project while the balance of the cost will be covered by the Government. The Loan is extended for a period of 25 years including 5 years grace period, amortized in 40 semi annual installments, the first of which fall due on the first date on which any interest or other charges on the loan shall fall due after the elapse of the grace period. The Loan bears interest at 1.5% per annum in addition to 0.5% per annum to cover administrative and other expenses incurred in the implementation of the Loan Agreement. By concluding this agreement, it will be the thirteenth Loan that the Fund provided to the Islamic Republic of Mauritania, where the Fund has previously provided twelve loans amounting to 50.6 million Kuwaiti Dinars equivalent to about 172 million U.S. Dollars to help financing projects in various sectors. In addition, Kuwait Fund also provided 7 technical Assistance grants of a total amount of KD 986,000 equivalent to about 3.4 million U.S. Dollars to cover the costs of feasibility studies in the sectors of industry, fisheries, development banks, institutional support, transport, Technical Assistance aspects and water. Also, the Fund had administered, on behalf of the State of Kuwait, three grants amounting to about KD 3 million equivalent to 10.2 U.S. Dollars to finance two projects in the areas of housing, water supply and health sectors.