

AFRICAN DEVELOPMENT BANK GROUP



MOROCCO

**EVALUATION OF BANK ASSISTANCE TO THE
TRANSPORT SECTOR**

**OPERATIONS EVALUATION DEPARTMENT
(OPEV)**

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ACRONYMS AND ABBREVIATIONS

ADM	:	Société des ‘Autoroutes du Maroc’ (Moroccan Highway Company)
CGEM	:	General Confederation of Moroccan Enterprises
CNTR	:	National Confederation of Teamsters
COMANAV	:	Compagnie Marocaine de Navigation (Moroccan Navigation Company)
DAC	:	Directorate of Civil Aeronautics
DAPS	:	Directorate of Insurance and Social Welfare
DBA	:	Directorate of Air Bases
DEPC	:	Directorate of Studies, Planning and Coordination
DMM	:	Directorate of Merchant Navy
DPCM	:	Directorate of Casablanca and Mohammedia Ports
DPDPM	:	Directorate of Ports and the Maritime Public Domain
DPE	:	Provincial Directorate of Equipment
DRCR	:	Directorate of Roads and Road Traffic
DRE	:	Regional Directorate of Equipment
DRSC	:	Directorate of Public Services and Concessions (Ministry of Interior)
DSTR	:	Directorate of Road Transport Safety
DTR	:	Directorate of Road Transport
EIG	:	Economic Interest Group
ESRP	:	Economic and Social Reform Programme
EU	:	European Union
EU-PA	:	European Union Partnership Agreement
FSSP	:	Financial Sector Support Programme
ICAO	:	International Civil Aviation Organisation
IRT	:	International Road Transit
LPEE	:	National Research and Testing Laboratory
MAD	:	Moroccan Dirham
MET	:	Ministry of Equipment and Transport
MICT	:	Ministry of Interior and Territorial Communities
ODEP	:	National Port Authority
ONCF	:	National Railway Authority
ONDA	:	National Airport Authority
ONT	:	National Transport Authority
PAP	:	Priority Motorway Programme
PARAP	:	Public Administration Reform Support Programme
PARCOUM	:	Medical Cover Reform Support Programme
PER	:	Public Expenditure Review
PICE	:	Public Industrial and Commercial Establishments
PNRR	:	National Rural Roads Programme
RAM	:	Royal Air Maroc (National Airline)
SNTL	:	National Transport and Logistics Company
SRF	:	Special Road Fund
SYGER	:	Road Maintenance Management System
UCITS	:	Undertaking for Collective Investment in Transferable Securities
UNCTAD	:	United Nations Conference on Trade and Development
WTO	:	World Trade Organisation

EXCHANGE RATE

(May 2005)

Currency Unit	=	Moroccan Dirham (MAD)
UA 1	=	US\$ 1.486622
UA 1	=	EURO 1.20627
UA 1	=	MAD 13.2032

EXECUTIVE SUMMARY

1. The main objective of this evaluation is to systematically review Bank assistance to Morocco in the transport sector from 1996 to 2004, both in terms of the strategies of the Bank and the country, and of the assistance in the form of lending and non-lending operations (ongoing projects and those prepared during the period). Loans granted to Morocco in the transport sector focus on six (06) operations: one Transport Sector Programme (TSP), one road project, 2 airport projects, one railroad project and one reform programme. Non-lending activities comprise particularly policy and programme dialogue (CSP, Portfolio Reviews, Seminars) and the coordination of donors' interventions.

2. The Bank's assistance strategy during the period under review started with preservation and an upgrading of infrastructure, and then tackled important sector reforms. It meets the challenges of the country: (i) removal of monopolies on transport activities by liberalising the sector through the airport projects and the programme of reforms recently approved and aimed at improving the contribution of the sector to the national economy by liberalising the market and reducing transport costs, (ii) inadequate resources allocated to road maintenance under road projects, and (iii) improvement of transport administration through the professional, structural and organisational upgrading of the stakeholders in the sector, thanks to the airport and railway projects as well as the reforms and legislative, regulatory and organisational measures the TRSP will introduce.

3. Out of the six operations under review, three are completed and the three in progress are at different completion stages. The railway project is physically 100% completed and currently disbursed to the tune of 51.6%. It will be finalised in late June 2005. The airport capacities expansion project is physically 10% completed and disbursed to the tune of 29%. It will be finalised in late 2006. The TRSP has been approved but not yet disbursed.

4. Bank operations in the sector are all considered satisfactory. The Bank's assistance is consistent and relevant, as the choice of projects perfectly meets the country's challenges and sector goals. The quality at entry is deemed satisfactory overall even if it differs according to projects. Some shortcomings were noted in the preparation and during the implementation of certain projects. They all encountered implementation delays of 7 to 87 months for reasons varying from one project to another. The implementation delays are justified mostly by the changes to the project components dictated by the new needs that arose during the implementation of the projects. The technical performance of the executing agencies is highly satisfactory. Their financial performance requires, however, closer monitoring and corrective measures have accordingly been taken. The Bank's contribution in the sector is important and its impacts are significant.

5. Bank operations had a significant impact on poverty reduction and the improvement of the living conditions of the poor. In addition to the jobs created during the road, airport and railroad works, the social impacts improving the poverty level of the populations served thanks to the implementation of these projects, may be summed up as follows: (i) jobs induced by the development of the socio-economic activities, (ii) employment induced by the growth of transport on the road and rail services concerned, (iii) improvement of the incomes and purchasing power of the populations of the areas served, thereby reducing poverty, (iv) better supply of the populations, particularly with fresh and perishable or fragile products, (v) better qualification of the local education, training and health services, (vi) better health and pharmaceutical cover, (vii) reduction of certain diseases (pulmonary diseases) and better medical evacuation conditions, (viii) greater media and information penetration, (ix) easy access to the public and private facilities and services of the urban centres (education, university, cultural and health facilities), and (x) facilitation and

effective development of family visits on week-ends and during feasts, recreational activities of the populations, cultural and sport exchanges of the youths.

6. No sector study was conducted and the Bank relied on those carried out by the co-financiers (the World Bank for the TSP and the European Union for the TSRP). The overall rating for Bank assistance in the sector is 3, which is considered satisfactory.

7. Procedural Recommendations

- (i) Improvement of the quality at entry of the projects through a better estimate of the costs and project implementation time to avoid the extension of deadlines and the cancellations of the balance on the present portfolio (cf. paragraphs 3.2.2, 3.2.3, and 3.2.4);
- (ii) The systematic conduct of mid-term reviews aimed at detecting projects in difficulty or encountering considerable delays, and at implementing measures to enhance their performance (cf. paragraph 3.2.2). A mid-term review can have significant impacts on the implementation of projects. The replacement of the 'training abroad' component with the construction of the Mohamed VI International Civil Aviation Academy, is a courageous and welcome initiative, owing partly to the enormous difficulties of adapting the training programmes to those of the receiving institutions abroad, and partly to the profit it enabled on the project and its annual average rotation rate of the finished products of 80 students. Furthermore, its international influence has made it a regional Academy and a pride for Africa (cf. paragraph 3.5.1);
- (iii) A more systematic monitoring of the disbursement flows to improve their consistency with the physical implementation of projects (cf. paragraph 3.2.9);
- (iv) The constitution of teams well-equipped with skilled staff for projects requiring highly specialised expertise, particularly during project preparation and appraisal (cf. paragraph 3.2.3);
- (v) The design of road strengthening programme loans (cf. paragraph 3.2.8);
- (vi) The introduction, in the Bank's appraisal procedures, of the writing of a CSP completion report that helps review what was achieved in relation to what was defined (cf. paragraph 4.2.1) and the preparation of regular portfolio reviews through a harmonised country-team work, all sectors put together (cf. paragraph 4.2.2); and
- (vii) In the case of sector projects, a project coordination unit should be set up to ensure effective coordination between the Bank, the financiers and the various executing agencies, as well as constant project implementation monitoring and control. It is suggested that the establishment of this unit be part of the project components and that its duties be clearly defined (production of reports necessary for the Government and the co-financiers, filing of the project documents, financial monitoring of the project implementation, organisation of consultation meetings with all the project beneficiaries and partners). This unit should be maintained during project implementation (cf. paragraph 3.2. 6).

8. Recommendations on Sector Development

8.1 To reduce poverty and take account of the social aspects, it is recommended that the Bank support the Government in the future negotiations of social plans. The recently approved TSRP stems from the Government's determination to pursue and deepen the reforms undertaken in order to upgrade its economy, prepare for the globalisation and opening-up under the Partnership Agreement signed with the European Union. However, the integration of open market transporters of road goods transport, planned in the TSRP, means that the Bank will support the Government in the negotiations with the social partners of social plans. This will help mitigate the negative impacts of the measures proposed on employment. The implementation of sector policy-based lending will necessitate a consensus and coordination between the various beneficiaries and executing agencies in the area of reforms. The Bank should assist the Government in (i) the identification of skills between the different administrative institutions of the sector, (ii) the identification of training needs, and (iii) the preparation of an action plan aimed at coordinating the various institutions of the sector.

1. BACKGROUND

1.1 Study Objective and Methodology

1.1.1 The objective of the study is to assess Bank Group assistance to Morocco in the transport sector, as well as its impact on the development of the country. This assessment was carried out in line with the guidelines of the Bank and at two levels: (i) Bank strategies under the CSP; (ii) the results and impacts of the interventions and activities implemented. The review focused on the 1996-2004 period while taking into consideration the experience of the previous projects implemented. According to OPEV guidelines, the post evaluation criteria are: (i) relevance and assessment of quality at entry, (ii) achievement of objectives and goals 'efficacy', (iii) efficiency, (iv) impact on institutional development, (v) sustainability, (vi) performance of the borrower, and (vii) performance of the Bank.

1.1.2 This report was prepared following a Bank mission to Morocco in April 2005. Its terms of reference were to: (i) collect the economic, financial, social and sector data, as well as all the relevant information on the results of the Bank's assistance strategies and programmes; (ii) discuss with the authorities of the country concerned and the project managers the relevance, performance, efficacy, efficiency, socio-economic and institutional development impacts, and the sustainability of the Bank Group's assistance programme; (iii) validate and supplement certain preliminary observations on the results of Bank assistance; and (iv) draw conclusions and lessons and make appropriate recommendations that could improve the Bank's future assistance strategies.

1.1.3 The present report was prepared as follows: Chapter One explains the macro-economic, economic and sector context; Chapter Two assesses the relevance of Bank assistance in terms of the Government policy and the sector challenges it faces; Chapters Three and Four present a comprehensive evaluation of Bank operations (lending and non-lending). The performance of the partners is evaluated in Chapter Five. Finally, Chapter Six gives account of an overall evaluation of the whole assistance in the sector. The last chapter covers the lessons drawn from the Bank's project implementation experience from 1996 to 2004 and makes recommendations for future Bank assistance in the sector.

1.2 Socio-Economic Context

1.2.1 The Kingdom of Morocco has made significant progress in the restructuring of its economy and policy. Efforts to maintain macro-economic stability have been pursued since 1990. Considerable progress has been made in (i) the liberalisation of the economy, including State disengagement from productive and commercial activities, (ii) the modernisation and revitalization of the financial market, (iii) the reform of the labour market to improve working relations and stimulate investments, (iv) the development of basic infrastructure, including transport, (v) the improvement of the welfare of the populations, notably in the rural area, through increased access to basic facilities. These efforts have been pursued since then. Morocco signed and ratified with the European Union a partnership agreement, which entered into force in March 2000. It aims to promote the social progress of the regional space made up of the European Union and Mediterranean countries, and the establishment of a free trade area. Morocco also signed a free trade agreement (FTA) with the United States of America (June 2004). At the same time, the political and social situation is characterised by: (i) political and economic stability; (ii) since 1998, the strengthening of the democratic process; and (iii) the organisation of transparent and democratic elections.

1.2.2 Notwithstanding these efforts, the situation is characterised by the persistence of structural problems coupled with economic problems. The economic growth rate has remained relatively weak and particularly volatile owing to the dependency of the agricultural sector on the vagaries of the weather. The non-agricultural sector, though less vulnerable to the development of the agricultural sector, recorded inadequate growth in relation to the poverty reduction and job creation objectives. Public finance is badly affected by: (i) the persistence of a structural deficit resulting from the weight of the payroll; and (ii) the economic problems, namely the increase in security expenditure in the wake of the Casablanca attacks of May 2003, and the tax shortfall owing to the liberalisation of trade and the reduction of taxes on certain imports.

1.2.3 Confronted with these problems, the Government undertook to push ahead with the implementation of reforms through the Economic and Social Development Plan (ESDP) of which an action plan – subject of the Prime Minister’s key-note address of November 2002 – whose two main thrusts are: (i) the strengthening and modernisation of the main infrastructure and superstructure networks (motorways, road network, communications, power and bridges), and (ii) the upgrading of the economic fabric, the support of national enterprise and preparing it to face competition, as well as the modernisation of the production modes and tools. The ESDP and the Government action plan are presented and analysed in the 2003-2005 Country Strategy Paper (CSP).

1.3 Principal Sector Development Constraints

1.3.1 The transport sector is relatively developed in Morocco. It is made up of a system comprising 60,500 km of roads, motorways more than 50% (32080 km) of which is asphalted, 1907 km of railroads 1003 km of which are electrified, i.e. about 53% of the total road length, 28 airports of which three (Casablanca, Marrakech and Agadir) account for 90% of the traffic, and 11 commercial ports seven of which provide the bulk of the country’s shipping trade: Casablanca, Mohammedia, Agadir, Safi, Jorf Lasfar, Tangier and Nador. The motorway network, 480 km long, increases regularly at the rate of one hundred or so kilometres per annum. Nonetheless, real development needs exist at all the levels.

1.3.2 The transport sector is characterised by the existence of several stakeholders, both public and private. The leading public stakeholders are: the Office National des Transports (ONT), the Directorate of Roads and Road Traffic (DRCR), the Office National des Chemins de Fer (ONCF), the Office National Des Aéroports (ONDA), the national airline (RAM), the Office d’Exploitation des Ports (ODEP), the Direction des Ports et du Domaine Public Maritime (DPDPM), the Directorate of Casablanca and Mohammedia Ports (DPCM), the Société des Autoroutes du Maroc (ADM) and the national maritime transport company (COMANAV). It is managed by the Ministry of Equipment and Transport recently created and grouping the former Ministry of Transport and Shipping and that of Equipment.

1.3.3 In view of the important role played by the transport sector, the Moroccan authorities, during the successive development plans, constantly implemented measures to upgrade this sector through the improvement and development of infrastructure. However, certain major institutional constraints hamper the functioning and operating of the transport services and infrastructure. These constraints stem notably from: (i) the monopoly of transport activities by certain organisations such as the Office National des Transports (ONT) and the ODEP; (ii) organizational difficulties that affect the management of urban and inter-urban transport and the proliferation of informal transport; (iii) inadequate resources allocated to the maintenance and servicing of transport infrastructure; and (iv) weakness of the regalian function of the sector’s Administration.

1.3.4 The challenges of the sector are: (i) improve the contribution of the transport sector to the national economy by liberalising trade and (ii) reduce the transport costs. The removal of these constraints help take best advantage of the actions already carried out by the Government and by so doing make the sector fully play its strategic role in the economic growth through a liberalisation aimed at rationalising the management of this sector.

1.4 Sector Development Strategies

Government transport policy

1.4.1 The Government transport sector policy has since 1990 consisted in providing the country with appropriate infrastructure and equipment. These efforts were accompanied by reforms aimed to liberalise and make most of the transport activities autonomous and competitive in order to enhance the performance of the sector, remove monopolies, strengthen the transport institutions, open the market to competition and reduce transport costs. The Government confirmed this sector policy in the transport sector policy letter.

Government transport sector strategies

1.4.2 The Government strategy has two main thrusts: (i) strengthen and modernise the big infrastructure and superstructure networks: motorways, road network, communications, power and ports; and (ii) upgrade the Moroccan transport company and prepare it to face the conditions of competition, as well as modernise the production methods and tools. The broad outlines of the strategy focus on the following points:

- Coordinated development of the infrastructure and equipment of the various means of transport and maintenance of the existing ones;
- Improvement of the competitiveness of the sector through gradual introduction of the liberalisation and upgrading of the various stakeholders
- Development of the sector's productivity by encouraging private initiative through the implementation of State-Private partnership and management contract for the deconstruction and operating of the infrastructure;
- Regional development of transport for the promotion of the rural world and the development of local potential;
- Introduction of a consistent transport safety policy; and
- Removal of State monopoly on certain transport activities.

Government Sector Programme

1.4.3 Under the 2000-2004 programme, the Government embarked on a transport sector programme comprising mainly:

- Institutional, organisational and legislative reforms that sought to make the transport sector more competitive and upgrade the sector's operators;

- The opening up of the rural areas through the construction of over 10,000 km of earth roads under the first phase of the National Rural Roads Plan (PNRR I) with an implementation rate of 73%;
- The adaptation of the asphalted road network about 30,000 km long and 550 structures to the traffic trend. Their implementation involved the rehabilitation of 9,000 km of roads and the adaptation of 625 structures;
- The strengthening, maintenance and protection of about twenty sea ports completed at 90%; and
- Incentives to the private sector to invest in the rail and air transport sector, with a view to diversifying the transport infrastructure. Should be noted in this connection the implementation of the Tangier-Mediterranean road the cost of which is estimated at USD 500 million; works have started with a substantial participation of private financing.

2. EVALUATION OF BANK ASSISTANCE STRATEGY

2.1 Bank Policy in the Transport Sector and Its Strategies in the Country

2.1.1 Since 1990, the ADB assistance strategy described in the CSPs has been to support priority investments that can ensure sustained economic growth and the development of external trade. Applied to the transport sector, this strategy resulted in the funding of projects that enabled the renovation of roads and the rehabilitation of airports and railroads. From 2002, the ADB strategy focused on the priority sectors with a positive impact on job creation, macro-economic and sector reforms and private sector development. The priority sectors selected were, among others, those of infrastructure (transport, telecommunications, power and water). This new strategy led to the financing in 2002 of the airport capacities expansion project, which enabled an upgrading of the airport sub-sector and induced jobs, and then to the financing in 2004 of the transport sector reform programme. In brief, it is along these lines that ADB has participated, since 1990, in the development of the sector through the financing of seven development projects for a net approved amount of UA 358.7 million. Out of this total, four projects are completed (2 road projects, one airport rehabilitation project and one transport sector project); two are nearing completion (railroad project and one airport capacities expansion project) and one new project in the implementation phase (Transport Sector Reform Programme, TSRP). The ADB strategy is therefore relevant and in line with the Government programme, as the objectives of ADB assistance meet the country's development priorities and correspond to the priorities of the infrastructure strengthening sector, the upgrading of the Moroccan transport enterprise and support to sector reforms. This support materialised in the preparation, in recent years, of the recently approved TSRP.

2.2 Relevance and Consistency of Bank Assistance Strategies

2.2.1 The ADB assistance strategy meets the challenges of the country: (i) removal of the monopolies on transport activities by liberalising the sector, thanks to the airport projects and the recently approved reform programme, which seek to improve the sector's contribution to the national economy by liberalising the market and reducing transport costs, (ii) inadequacy of the resources allocated to road maintenance under the road projects, and (iii) improvement of transport administration through the professional, structural and organisational upgrading of the stakeholders in the sector. These will be achieved through the airport and railroad projects, as well as the legislative, statutory and organisational reforms and measures to be introduced by the TSRP.

2.2.2 The projects with the road and rail components (road project, railroad rehabilitation project and the transport sector programme) are fully in keeping with the transport sector development **strategic objectives** summed up as follows: **(i)** preservation of the road, rail and port infrastructure networks; **(ii)** development of the regional network and support for the major agricultural, industrial and tourist development projects; **(iii)** opening up of the rural community through the installation and maintenance of transport facilities adapted to local needs; and **(iv)** network modernisation to reduce the fare, improve the level of service offered to users, as well as road safety.

3. EVALUATION OF RESULTS: LENDING OPERATIONS

3.1 Lending Operations: Portfolio Composition and Status

3.1.1 The Bank has, since the 1990s, participated in the development of the sector through the financing of seven development projects for a net approved amount of UA 358.7 million, made up of 2 road projects (second and third road projects for amounts of UA 21.6 and 29.4 million respectively), two airport projects (for UA 43.3 and 77.8 million respectively), one transport sector programme (for an amount of UA 93.3 million), one rail road project (for an amount of UA 59.7 million) and one transport sector reform programme (for an amount of UA 33.6 million). The second road project does not fall within the evaluation period selected, 1996-2004. The assessment of the TSRP will be carried out later, as it was approved in December 2004 and has not yet been implemented. Its evaluation will focus mainly on the future orientations it will give to the sector.

3.1.2 The portfolio of active projects comprises three projects co-financed with different donors: the World Bank in the parallel financing of the 'Railroad Rehabilitation Project', AFESD for the 'Airport Capacities Expansion and Improvement Project', and the European Union for the TSRP. .

3.1.3 From 1990 to 2004, the Bank financed, in the road transport sector, the strengthening of 2226.2 km, the surfacing of 631.68 km, the signalling of 1709.1 km, the road shoulder of 138.3 km, asphaltting of 257 km and the rehabilitation/reconstruction of 19 structures (bridges).

Activity implemented/Project	Strengthening	Surfacing	Signalling	Road shoulder	Asphaltting	Rehabilitation
	Km	Km	km	Km	Km	bridges
2nd Road Project	685.2	499.68	1709.1	138.3		
3rd Road Project	801	132			257	7
TSP	740					12
Total	2226.2	631.68	1709.1	138.3	257	19

The table in Annex 3 summarises the current portfolio status.

3.2 Relevance and Quality at Entry

3.2.1 The relevance is considered satisfactory as already mentioned in paragraphs 2.2.1 and 2.2.2. The quality at entry of all the projects is rated satisfactory overall, even if it differs according to projects. As explained below, shortcomings were noted during the preparation and implementation of certain projects.

3.2.2 As some feasibility studies were of poor quality, they had to be redone during the implementation of certain projects. This resulted in (i) implementation delays as in the case of the railroad project, (ii) cost overruns that the country had to bear, and (iii) many modifications during the implementation, as was the case of the transport sector programme and the railroad project.

3.2.3 These modifications gave rise to 87 months slippage for the TSP. The present implementation of the railroad project was 5 years behind schedule owing to the two landslides that could have been avoided had the engineering feasibility study of the tunnel studied the state of the land more thoroughly.

3.2.4 The overvaluation of certain transport projects for the following three reasons: (i) lack of technical assistance at appraisal as already mentioned; (ii) time between appraisal and works execution, which changed the state of the roads (for the road projects); and (iii) rapid evolution of the airport sector and the huge demands of upgrading it (for the airport projects);

3.2.5 Fifty percent (50%) of two projects (airport rehabilitation and the 3rd road) borne by the Government were cancelled owing to difficulties related to compliance with Bank procedures by the Executing Agency.

3.2.6 TSP was designed as a juxtaposition of sub-sector projects, without global objectives for the whole sector. This gave rise to delays and made the coordination and implementation of the project difficult. A sector programme covers all the sub-sectors and should result from a sector analysis. This almost non-existence of sector analysis was signified in the evaluation of ADB assistance between 2000 and 2002. The sector programme that followed, the currently ongoing, TSRP, was designed after a sector evaluation.

3.2.7 The preparation phase of the Transport Sector Programme did not envisage putting in place a form of effective coordination between the various executing agencies of the different sub-sectors concerned by the project. Coordination was very close at project start (regular meetings of all the beneficiaries), but weakened during the implementation of projects for lack of a coordination body.

3.2.8 The Bank is not flexible even in disbursements of small amount, and does not allow their advance by the executing agency even if it means verifying their justifications during supervision missions. This could delay the implementation of certain projects.

3.2.9 The execution of the road maintenance works of the third road project by embedding the project operations in a national network development programme, in each province, delayed the implementation of the project. A programme loan coinciding with the Government's five-year programme is better adapted.

3.2.10 There is no disbursement monitoring system that will give the disbursement status at a given instant. The Bank does not inform the Borrowers of the various drawings made under their respective projects. Discussions between the Disbursement Department of the Bank and the Ministry of Finance are underway to explore the possibility of designating a structure within the said Ministry, to centralise all information relating to the disbursement operations of Bank-financed projects in Morocco. This structure will be responsible for circulating information on each of the Borrowers concerned.

3.3 Efficacy of Operations

3.3.1 Despite implementation delays of 7 to 87 months for various reasons, the transport projects achieved their objectives satisfactorily. Most of the implementation delays are justified by the modifications to the project components dictated by the new needs that arose during project implementation. Detailed engineering studies were conducted on the TSP, but disbursement was made in 9 instead of 4 years owing to (i) many modifications particularly to the airport and railroad components in order to better meet the traffic growth, and (ii) disbursement delays. Although the programme benefited from only two Bank supervision missions in 129 months, it was proficiently

monitored by the executing agencies. Contracts on the third road project were turned down 12 times and consequently, the balance of 50% borne by the Government was cancelled. However, as explained below, its outputs exceeded the initial objectives. The airport rehabilitation project underwent several modifications in the wake of the events of September 2001 and in view of the new standards imposed by ICAO. Like the road project, 50% of the loan was cancelled and disbursement was made in 9 instead of 5 years due to non-compliance with the procurement procedures and the many modifications made. It was satisfactorily supervised and well implemented. .

3.3.2 The 3rd road project achieved, and even exceeded, its targets of physical outputs: the road length strengthened reached 114% of that envisaged by the project, surfacing 104%, rehabilitation 94%, constructive works were implemented at 143% and the road maintenance material was fully acquired.

3.3.3 The physical outputs objectives of the airport rehabilitation project were achieved and even exceeded in quantity and at a lesser cost, as the construction, rehabilitation and expansion works of both the buildings and the airport infrastructure were even higher than the projections, and almost all the planned procurements were acquired. The quality of the services provided in the airports concerned by the project has markedly improved. The immediate effect of the implementation of all the project components is the enhancement of the operational and technical performance of the ONDA, attested by the guarantee of safe overflight of Moroccan air space and full and omnipresent ground assistance. The International Association of Airline Pilots classified the Moroccan air space in 2002 among the most reliable three in Africa. This takes account of the good performance of the enterprises, the Public Studies and Testing Laboratory (LPEE), the Administration of the National Airports Office and of the Central Directorate (Directorate of Air Bases and Directorate of Air Administration), which achieved the targeted goals.

3.3.4 The Transport Sector Programme achieved its objectives. Indeed, the project achieved:

- 768 km of road length strengthened and 12 construction works rehabilitated and redesigned in function of the traffic and road size, the construction of two regional car parks and the procurement of equipment for clearing snow from the roads;
- the repair of the jetties of the Tangier and Safi ports, the dredging of the access channel of the Tangier, Safi, Kenitra and Nador ports and maritime signalling;
- the renewal of about 317 km of overhead lines and the construction and equipment of four power sub-stations; and
- the strengthening of the movement areas of Marrakech, Tangier, Oujda and El Hoceima airports, and the improvement of the passenger terminals of Marrakech and Tangier airports. The Casablanca - Mohammed V airport benefited from the construction and equipment of a new arrival terminal, the rehabilitation of the existing terminal through the creation of four departure lounges, the supply and installation of two passenger bridges, the expansion of the freight area, the supply and installation of an Instrument Landing System (ILS), the strengthening of the energy, water and sanitation networks, and the rehabilitation of the whole infrastructure in the construction of the new arrival terminal. Finally, technical assistance was provided to ONDA in the improvement, control and rationalisation of its management.

3.3.5 The railroad rehabilitation project is nearing completion. Its objective is to carry out track doubling and layout adjustment works between Sidi Kacem and Meknès. At present, the works are 100% completed. The significant delay registered during the project life is owing to the peculiar case of the Borj Moulay Omar Tunnel whose works were suspended following the technical problem linked to the unstable nature of the sub-soils and resulting in a massive landslide. This situation led to the termination of the initial contract and the revision of the BD taking into account the new and appropriate digging technique. The Bank approved the new BD and the invitation to tender was published in the press on 16 July 2002. The opening of bids took place on 17 September 2002 and the bid was awarded on 11 March 2003; the service order to start the works was given on 10 April 2003. Taking into consideration the contract performance delay of 15 months, the completion of the structure was scheduled for the second semester of 2004. Since then, the site has experienced a second landslide on 500m at the entrance of the tunnel. To this add the finishing works inside the wall of the tunnel, which are necessary for its opening to traffic. To that end, the ONCF has revised its implementation schedule and introduced a new request for the extension of the last disbursement deadline to 30 June 2005. The request received the non-objection of the Bank in view of the technical justification for the delay encountered by the structure. This extension enabled the project to be fully completed and therefore achieve the initial objectives set for it. However, the current disbursement rate is 51.6%. The project will be closed on 30 June 2005.

3.3.6 The three ongoing projects are at different completion stages. The railroad project is physically 100% completed and, as at late May, its disbursement stood at 51.6%. It will be closed end of June 2005. The airport capacity expansion project is physically 10 % completed and disbursed to the tone of 29%. It will be closed end of 2006. The TSRP has been approved but is not yet disbursed.

3.4 Efficiency of Operations

3.4.1 The economic performance of the projects is rated satisfactory. In effect, the economic benefits of the road projects result essentially from the savings made in the vehicle operating costs and the reduction of the maintenance costs. For purposes of evaluation of the rate of return at the completion of the 3rd road project, these savings were calculated with the Highway Development Model (HDM3), with the collaboration of the specialised services of the Directorate of Roads and Road Traffic (DRCR), taking into account the maintenance strategies usually followed by the DRCR for the maintenance of the road network. The economic rate of return by road section, exceeds 26% for the new asphalted roads construction operations and 13% for the maintenance operations with the exception of the 3 strengthening operations whose IRR are 8%, 9.7% and 11.9% (representing a cumulative road length of 41 km or 4% of strengthened road length, and 3% of the global road length, all types of operations put together). Most of the IRR are higher at completion than at appraisal; the others are more or less equivalent. The gaps are explained by a faster than projected growth of traffic; the investment and maintenance costs are slightly less than those taken into account at appraisal. Moreover, in recent years, the costs used at appraisal are the smoothed average costs on all the operations, whereas at completion the costs are the real costs specific to each operation (in keeping with the relief and the state). The project costs have been well controlled.

3.4.2 The economic performance of the airport rehabilitation project is satisfactory. It is estimated with the help of the economic internal rate of return (EIRR), calculated on the basis of the economic costs and benefits, assessed from the analysis of the without project situation and the completion situation, and characterised by real costs and benefits and a project life. The benefits of the "with" or "without" project situation result from the difference between the annual cumulative amounts of the different earnings and those of the intermediate consumptions. They correspond

therefore to the value added generated by the ONDA operating accounts. They depend, for the aeronautical part, on the traffic and tariffs of the airport charges; the others are linked to the state and commercial fees. On the basis of the value added obtained and updated to 4% to take account of the inflation (base, 1992 price), the internal economic rate of return under the period analysed stands at 21.35% for projections of 26%. It is lower than that at appraisal, but remains however a good economic rate of return for the project implementation and shows that the objectives pursued are achieved. For 2007, it stands at 29.50%, which attests the economic viability of the project beyond its life estimated at appraisal (10 years). The gap between the rates of return obtained at appraisal and at completion stems from the combined effects of the following situations: (i) a resolute policy of the country to develop tourism rather than freight, owing to the important contribution of the tourism sector to Morocco's GDP (7% in 2002): for example, the exemption on the movements of charter flights and their passengers represented about 20% of the total passenger traffic in 2002 and recorded an annual growth of 7.26%; (ii) the substantial increase in intermediate consumptions, which rose from 4% on average at appraisal to about 7% at completion. This increase is related to the development of traffic activities on all the airports - consequence of the rapid expansion of the tourist activities.

3.4.3 These rates of return obtained after the construction of the structures are largely higher than the capital opportunity cost and therefore confirm the viability of the project. Modifications to the initial project, by increasing the intake capacity of the arrival terminal of Mohammed V in view of the traffic growth, which would in a nearer future than initially projected, lead to a premature saturation of the facility, the adaptation of the equipment to state-of-the-art technology and the replacement of the «training» component with the construction of the Mohamed VI International Civil Aviation Academy, are reflected by the reduction of the project cost by about 38.2%.

3.4.4 The economic performance of the Transport Sector Programme was satisfactory. The economic rates of return of the road component have been calculated and range from 21 % to over 100 % in relation to the projections at appraisal of at least 50 %. For the airport component, the economic rate of return was put at 33% compared to the initial projections of 16%. In spite of the increase in capital costs registered by this component, this improvement of the EIRR is linked to the sharp increase in traffic since 1990. Finally, the EIRR of the railroad component stands at 22.8% against projections of 25 %, owing mainly to the increase in the project costs (+25.7 %).

3.4.5 Though approved on 2 December 1996, the loan of the railroad project, which is currently under implementation, received its first disbursement only in June 2001 owing to the various stages undergone by the project in the implementation of the amendment to the loan and guarantee agreement. Indeed, after approval by the ADB Board, of the possibility of providing new financial products on 2 April 1997, the ONCF requested the Bank on 4 September 1997 to convert the loan that had been granted to it into a loan in single currency (USD) and at a rolling interest rate. Considering the uniqueness of the particular case, there were relatively long consultations at the Bank before it gave favourable answer to the said request. The works being 100% completed as of now, the financial performance of the project may be affected if the disbursement applications are not received before the closing date of 30 June 2005. Consequently, the Bank has recommended to the Executing Agency to speed up the forwarding of the disbursement applications before this date, so that: (i) the financial implementation may be proportional to the physical implementation; and (ii) the good performance of the project may not be affected. The mission also informed the ONCF of the cancellation, without notice, of any possible balance generated by the loan as at 30 June 2005.

3.4.6 The Airport Capacity Improvement Project is being implemented and comprises the financing of the construction of Mohammed V arrival terminal and the second main runway, as well as the acquisition of communication equipment, air traffic control radar cover, fire control and safety equipment for twelve or so airports distributed across the Kingdom. The 11 September 2001

incidents in the United States of America, which seriously affected the air transport sub-sector, prompted the International Civil Aviation Organisation (ICAO) to review the safety standards to be observed in the airports. New supplementary safety systems have been imposed at the different airports open to air traffic and a classification, depending on fulfilment of these new standards, has been undertaken by ICAO all over the world. As it was made before 11 September, the initial design of the Mohammed V terminal did not take into account the new aspects dictated by ICAO. The improvement of the departure terminal had therefore to conform to the new security and safety requirements through an immediate updating of the studies. Because of the different update and adaptation studies, this component is two years behind implementation, which is clearly perceptible in relation to the other project components.

3.5 Impact on Institutional Development

3.5.1 Bank interventions in the sector had significant impacts on the institutional development of the executing agencies. The upgrading of the Kingdom's airports, achieved by the airport rehabilitation project, has procured training autonomy, which the Academy gives not only to the Kingdom but also to the sub-region through its international influence. Made up of a set of pedagogical structures, the Academy ensures the enhancement of human resource capacity. Since 1998, it has trained over 160 national and foreign technicians in air navigation control, air safety electronics and meteorology.

3.5.2 The third road project has contributed to institutional development through: (i) a greater qualification of the Directorate of Roads and Road Traffic and its decentralised services, mostly the Provincial Directorates, in the management of road projects on ADB financing (qualification in ADB procedures), (ii) consolidation of the experience of these road administrations in the monitoring and coordination of the implementation of a road project, works supervision and control, (iv) the qualification of counterpart engineers seconded to the Control Office, and (v) the consolidation of the experience of the personnel, engineers, technicians and administrative and financial managers who have, in some cases, carried out works supervision and project management.

3.5.3 The implementation of the Transport Sector Programme has contributed to the institutional strengthening of the ONDA through studies on internal audit, which have led to the establishment of a specific department, and the organisational study initiated after the transformation of the office of the Casablanca airports (OAC) into the National Airports Office (ONDA) grouping all the Government civil airports open to public air traffic, notably those initially attached to the Directorate of Air Bases. Furthermore, the ONDA henceforth applies, for its own markets, the ADB procedures for the procurement of goods and services - procedures in which all its management staff have been trained. ONDA also exports outside Morocco its know-how in airport management and organisation. In effect, the office has concluded the management contracts of Ghaza (Palestine) and Syrte (Libya) airports. In the railroad component, the project is in line with the new ONCF modernisation and operating policy and the reduction of its operating costs. The passage from an overhead line to a suspended line has necessitated the training of elements internal to the ONCF, following the gaps noted in the sections implemented by private enterprises. This training action gave ONCF the advantage of having, at the end of the project, a well-trained team for other future works. Finally, the procurement of equipment for public works and snow removal has helped beef up the capacities of the DRCCR in maintenance operations and efficiency in snow removal and traffic restoration operations.

3.6 Sustainability of Operations

3.6.1 The sustainability of the transport projects is probable, as explained hereunder.

3.6.1.1 The airport projects are sustained by the technical and financial capacity of the ONDA and the executing agency to provide routine and periodic maintenance. In addition to the transfer of technology, thanks to the project, the ONDA now boasts a modern training centre that enables it to ensure an efficient operating of the airport structures, to the extent that it can today export its management services, for example the Syrte and Ghaza airports.

3.6.1.2 The sustainability of the outputs and impacts of the road projects is essentially linked to the quality of maintenance of the road network. So long as the project roads are preserved, their benefits will continue. The sustainability is underpinned by the quality of the road network maintenance system. Morocco has indeed an increasingly efficient financing, programming and operational system for the preservation of the asphalted road heritage and the quality of the level of service of the asphalted roads. Since 1989, a Special Road Fund (SRF) provisioned by taxes deducted from the road transport sub-sector has been created. By strengthening the resources of the general budget, this fund has provided additional substantial resources for road maintenance. For the programming of interventions on the network, the DRCR is equipped with a Road Maintenance Management Assistance System (SYGER) and a Highway Structures Management Assistance System (SGOA), which ensure a rationalisation of the technical choices and the decision-making process.

3.6.1.3 The sustainability of the Transport Sector Programme remains principally linked to the capacity of the operating agencies to provide routine and periodic maintenance of the various structures put up. Therefore, the measures adopted by the Authorities constitute points that guarantee the sustainability of the structures. In effect, for the airport component, the transformation of the OAC into ONDA with the incorporation of the secondary airports and air control is accompanied by a greater financial autonomy characterised by i) an increase in airport fees, and ii) the introduction of an efficient general and cost accounting. Furthermore, in addition to the transfer of technology brought about by the project, ONDA currently has a modern training centre that enables it to efficiently operate the airport structures, to the extent that it can at present export its management services. Regarding the roads, the maintenance capacity of the DRCR has favourably developed, thanks to a better staff training and qualification and a substantial increase in financial resources. Indeed, the Road Fund, which finances road maintenance, is institutionalised and the financial resources, though insufficient yet, are on the increase. The construction of rural roads will henceforth be financed by the recently established Road Financing Fund whose General Manager should be appointed soon. The Government has the will to increase the number of kilometres of rural roads to be constructed from 1000 to 1500 km per annum in the next ten years. Furthermore, DRCR's capacity to ensure a permanent viability of the network is built up through the acquisition of the snow clearance equipment and emergency bridges. Finally, the declared policy of the Moroccan government, to make the development of the road sector and the favourable growth of the economy a prime concern, is an encouraging sign for the sustainability of the project. The modernisation of the workings of the ONCF, as well as the reduction of its operating costs, resulted for the first time in positive financial performance of about DH 237 million in 1998. These results achieved through management rationalisation and improvement efforts largely exceed the objectives set in the performance contract, as well as those set forth in the loan agreements signed with the World Bank. In any case, they guarantee the correct funding of the operating and maintenance of the structures. Likewise, the staff training acquired thanks to the project, especially in the electrification and renewal of the catenaries, as well as the supply of equipment, guarantees the sustainability of the structures of this component. Finally, the dredging and the protection of the dykes implemented in the port component have facilitated an optimum operating of the ports concerned and reduced the operating and maintenance costs of the structures, as well as the waiting

time of the ships. These structures have contributed to their reactivation and reclassification among the profitable bridges of the Kingdom.

3.7 Cross-cutting Issues

Gender

3.7.1 The third road project had an impact on the improvement of the welfare of women through (i) a better health and nutritional protection of mother and child. In reality, the opening up of the road is a factor that facilitated the equipment of public dispensaries with medicines, as well as medical evacuations, (ii) a better public and associative assistance to the management of their economic activities (craft industry, market gardening, packaging of almonds and nuts). For example, in the opened-up areas of Azelal Province, the new road has facilitated the implementation of a recent assistance project to women in their traditional activities, (iii) marketing facilities for their products (including arts and crafts products), (iv) facilities of access to education (development of girls' education), training, cultural and artistic activities and information. The TSP and the airport project have developed tourism and, therefore, the employment of women in the sector.

Regional integration

3.7.2 In the present portfolio, one project has a significant impact on regional integration. It is the 'airport rehabilitation' project, which has enhanced the quality of the training installations and expertise in the airport realisations of the Office National des Aéroports (ONDA). This office has a solid reputation in airport development, which is utilised for the technical assistance and training provided to the various countries of the continent.

Environment

3.7.3 The environmental impact assessment of the road projects was mainly concerned with the impacts on the soil (erosion, landslides), the hydrographical network (possible modifications), the plant cover (felling of trees) and the protection of archaeological sites. As the works closely follow the layouts of the existing roads, these negative impacts are highly reduced and almost limited to the improvements on the new-asphalted roads. One positive impact on the environment may be mentioned, namely the disappearance of clouds of dust raised by vehicles in the previous state of the road (purer air breathed thus reducing the risk of pulmonary diseases, cleaner pasture for livestock consumption, reduction of the pollution of plantations). Another indirect positive impact is related to the reduction of the price of bottled propane gas by half, thereby increasing its consumption in the rural areas opened up and contributing to the reduction of deforestation in these areas. In the implementation, however, there is generally no concerted review of all the crosscutting themes during the supervision, mid-term review or project completion reports preparation missions. Environmental experts were systematically not part of the supervision mission teams, for lack of sufficient human and financial resources. In particular, the environmental monitoring of the projects was often inadequate, even for projects classified in category I.

Poverty

3.7.4 Besides the employment generated during the road, airport and railroad project works, the social impacts improving the level of poverty of the populations served through the implementation of these projects may be summed up as follows:

(i) employment induced by the development of socio-economic activities, (ii) employment induced by the growth of transport on the roads concerned, (iii) improvement of the income and purchasing power of the populations of the areas served, thereby reducing poverty, (iv) better supply of the populations, particularly with fresh products and perishable or fragile products, (v) better qualification of the local education, training and health services, (vi) better health and pharmaceutical cover, (vii) reduction of certain diseases (pulmonary diseases) and better medical evacuation conditions, (viii) greater media and information penetration, (ix) easy access to the public and private facilities and services of the urban centres (education, university, cultural and health facilities), and (x) facilitation and effective development of family visits on week-ends and during feasts, recreational activities of the populations, cultural and sport exchanges of the youths.

Private Sector

3.7.5 The airport capacity improvement expansion project in particular, by upgrading the airport sector and, the TSRP, by liberalising the sector, will help develop a new interest in the industrial branch of the sector among the big modern investors, businessmen and institutional investors (banks, insurance companies), national or foreign. This will result in a growth of at least 10% of the volume of investment expected from the private sector, an increase in tax revenues through the arrival of new operators. The upgrading will in particular help gradually maintain the comparison in terms of competition, with the foreign carriers on the international transport market, and consequently develop its export activities and contribute to the good performance of the country's trade balance.

The privatisation of COMANAV is envisaged in 2005-2006, but no transport company has to date been privatised.

Governance

3.7.6 The TSRP, which focuses on a reform of the structures to adapt them to the new orientations of the socio-economic policy, will have a significant positive impact on aspects of governance through: (i) reforms envisaged in the management of the sector's administration by refocusing the mission of this administration and separating the regalian functions of the operational management from the well-defined duties; (ii) State disengagement from commercial activities in favour of the private sector; (iii) the beefing up of this administration in terms of computerisation, training and staff and the improvement of its information system; and (iv) transparency of access to the profession of transporters, backed up by the establishment of a review tribunal (the mediation commission).

4. EVALUATION OF NON-LENDING ASSISTANCE

4.1 Economic and Sector Studies

4.1.1 No sector study was conducted in the transport sector for projects implemented between 1996 and 2004. The ADB rather relied on the studies of the co-financiers, the World Bank (for the TSP) and the European Union (for the TSRP).

4.1.2 The Study on public-private partners in the infrastructure sector, planned in CSP 2003-05, was not carried out because the Government had approved the law on privatisation before the study could be started.

4.2 Policy Dialogue

4.2.1 The CSPs were prepared according to a collaborative approach associating the donors, the Government, elected representatives and local communities, stakeholders of the private sector, the civil society and researchers during seminars that offered the possibility of opening a dialogue on the priorities of the country. To date, there has never been a completion report on the CSPs. It would be desirable to prepare one, as it would help take stock of what was completed in relation to what was defined in the CSPs.

4.2.2 The portfolio review helped clear up the portfolio and therefore identify the shortcomings of the executing agencies in the procurement procedures. Training seminars were organised on these topics. There is need however to harmonise the team work by country, all the sectors put together, so that the portfolio review exercise may be done as a team and supported by one country-team mission. These reviews should be carried out regularly. The last one dates back to 2002.

4.2.3 It was only during the recent transport sector reform programme – the TSRP recently approved but not yet implemented – that the Government associated the donors, in this case the World Bank and the European Union, in a policy dialogue. This dialogue led to the design of a programme whose implementation will be based on the institutional reforms hinged on the legislative and statutory texts, as well as on an administrative and management reorganisation. This programme is the fruit of a sustained consultation between the Moroccan Government, the European Union, the Bank and the various operators involved in the management of the sector.

4.3 Aid Coordination, Co-financing and Resource Mobilisation

4.3.1 The portfolio of active projects has three projects co-financed with different donors, all on a parallel basis. The World Bank, the EIB, the Franco-Moroccan agreement and the Moroccan-Spanish agreement, for the ‘Railroad Rehabilitation Project’, the AFESD for the ‘Airport Capacity Improvement and Expansion Project’, and the European Union for the ‘Transport Sector Reform Programme’ (TSRP). The summary table of co-financed projects is as follows:

Source/Project	Railroad Project (Million UA)	Airport Project (million UA)	TSRP (Million Euros)
ADB	60.41	52.7	240
EIB	69.48		
IBRD	57.01		
ONCF	37.85		
Others	104.97		
European Union			90
AFESD		26.70	
ONDA		18.67	
Total	329.72	98.07	330

5. PERFORMANCE OF THE PARTNERS

5.1 Borrower and Executing Agencies

5.1.1 The performance of the executing agencies is considered satisfactory overall according to the following observations:

5.1.2 The technical implementation of works is rated satisfactory for all the transport projects;

5.1.3 All the ONDA works and procurements were carried out in compliance with the technical specifications. On this point, the operational performance of the airport projects is remarkable.

5.1.4 Certain executing agencies did not comply with the ADB procurement procedures, thereby engendering implementation delays of 18 months for the road project and 87 months for the TSP. Twelve or so contracts on the 3rd road project were rejected. However, following these problems, the executing agencies were trained in the procurement procedures. At present, the ADB rules of procedure are mastered and there is no more rejection of contracts.

5.2 The Bank

5.2.1.1 The performance of the Bank is rated satisfactory, with the following shortcomings nonetheless:

5.2.1.2 Bank disbursements are late.

5.2.1.3 The Bank does not have the disbursement status that would enable a better monitoring by the borrower; and

5.2.1.4 The rate of supervision missions is not regular, depending on the projects. Just to mention one example, the TSP benefited from two supervision missions during the 129 months of implementation.

5.2.1.5 These lapses improved with time. In effect, discussions are underway between the Disbursement Department of the Bank and the Ministry of Finance to explore the possibility of designating a structure within the said Ministry that will centralise all information relating to the disbursement operations of projects financed by the Bank in Morocco. This structure would be responsible for circulating information on each of the Borrowers concerned. Consequently, ongoing projects are supervised regularly (2 supervision mission per annum).

5.3 Other Donors and Co-financiers

5.3.1 The performance of the World Bank, AFESD and the European Union is rated satisfactory as borne out by the completion reports of all the co-financed projects. This rating was confirmed during the evaluation mission following discussions with the related donors. The Bank relies on the sector studies conducted by the World Bank and the European Union. Collaboration with all the donors is fruitful.

5.3.2 Coordination of assistance with the World Bank has improved considerably since the signing in March 2000 of the memorandum of understanding between the Bank and the World Bank with a view to establishing a strategic partnership between the two institutions. In this connection, Morocco is classified among the countries in category I for which the highest level of

cooperation is expected. This collaboration existed during the project design and at the supervision stage. For the railroad project therefore, the collaboration led to the organisation of joint missions throughout the project design cycle, including loan negotiations, which were carried out concurrently. This collaboration strengthened the complementarity of the loan conditions of the two institutions. In the policy-based operations co-financed with the European Union, the cooperation enhanced the role of the Bank in the preparation of the reforms and will be stepped up during their implementation. The Bank systematically opted for conditionalities divided into two tranches (instead of one single tranche for the World Bank and three tranches for the European Union). The conditions stipulated for the second tranche of the loan financed by the Bank were designed in such a way that they are complementary with those of the co-financiers.

5.3.3 In the 'Airport Capacity Improvement and Expansion Project' financed on a parallel basis by ADB and AFESD, particular attention was paid to the coordination of works. That is why the first project supervision mission scheduled in 2002 was joint and simultaneously led to the ONDA by ADB and AFESD, in order to ensure the effective launching of the works and examine the site constraints. Apart from these field missions, the Bank is pursuing the exchange of information with the executing agency and the AFESD under the project. The implementation schedules have therefore been reviewed in common consent, taking account of the repercussions on the aeronautical sector since the events of 11 September 2001. In effect, the new security measures required by ICAO have led to the readjustment of the design of the departure terminal, by making a new distribution of the traffic direction of the passengers and luggage.

5.3.4 The Bank and the European Union collaborated well during the preparation of the recently approved TSRP and agreed to support the implementation of the following measures: (i) greater opening of the port activities market to competition, with the establishment of an institutional access framework to these activities and their exercise; (ii) finalise the regulation of the technical improvement of road vehicles; (iii) regulate port professions and activities.

6. EVALUATION OF OVERALL BANK ASSISTANCE

6.1 Even if the evaluation of the lending operations has, to date, focused on all the projects, ongoing or approved, during the period 1996-2004, the present evaluation will centre on the assessment of the achievement of the assistance objectives for projects designed since 1996 and therefore in line with the CSPs prepared from 1996.

6.2 The Bank's assistance objectives are two: (i) support of the priority investments through road renovation and railroad and airport rehabilitation, and (ii) support of the priority sectors with a positive impact on job creation, macro-economic and sector reforms and private sector development. These objectives have been addressed and achieved as explained in the following paragraphs.

6.3 The sector development objective of support to priority investments by strengthening and modernising the infrastructure networks has been well achieved, as explained in paragraph 3.3, through the projects and their road, airport and railroad components that have rehabilitated the networks concerned. This meets well the challenges of the country to upgrade the infrastructure and allocate resources for its maintenance. The results expected from the strategy of best access to the network, the optimisation of the travel time and transport costs, as well as the improvement of the living conditions of the poor, are those obtained on the field and are confirmed by the following **impact** indicators:

- (i) Reduction of the travel time. For example, since the construction of the asphalted road in the Azilal Province, the travel time between the mountainous towns served is divided by five. It is in particular the case of the Ait-Amelal locality to link up Demnat, the urban centre of the services of the area, where the travel time has decreased from seven and half hours to one and half hours. Furthermore, the frequency of the journey is a few times per day whereas it used to be only two times per week;
- (ii) Reduction of breakdowns on the road, thereby reducing losses of the perishable foodstuffs and the livestock transported;
- (iii) Reduction of accidents in the uneven areas of the roads;
- (iv) Reduction of the transport costs and transportation rates
- (v) Reduction of losses during the transportation of perishable products and livestock on the trucks, inducing a fall in consumer price for the perishable products and meat;
- (vi) Increase in travel frequencies and remarkable growth of traffic inducing an increase in the activity of the sub-sector on the road and a resultant development of employment;
- (vii) Fall in the consumer price of the perishable commodities in particular. For example, in the Ait-Amelal locality (Azilal Province) opened up by the project, the price of a bottle of gas has reduced by a half. All these effects, to some people obvious for a site visitor, to others displayed by the local representatives and stakeholders, lead to a development of employment, an improvement of incomes and a growth of trade. Traffic on the section of the constructed road registered an annual growth rate of slightly over 10% between 1997 and 2000; the vehicle survey rate at the initial appraisal was 2.6%, reflecting a clear impact on the development of trade.

6.4 The assistance impacts on the agropastoral sector, thanks to the road components of the project, are summarised as follows:

- (i) Better supply of agricultural inputs and supplementary feeds for cattle;
- (ii) facilitation of the public and associative support action to the cooperatives, livestock and plantation care, inducing a better health condition of the livestock and plantations, improvement of yields (facilitation of implementation of agricultural projects); and
- (iii) better conditions for the marketing, outlets and evacuation of local productions (market garden and fruit crops, oil crops, live meat, dairy products), inducing an increase in the production of market gardening and fruit crops, oil crops in particular, development of employment and improvement of the incomes of the rural populations.

6.5 The significant impacts on the craft industry sector, mainly owing to the improvement of the new-asphalted roads, are summarised as follows:

- (i) better conditions for the marketing, outlets and evacuation of the productions (mainly rural craft and mountain products – pottery, basketry, weaving);
- (ii) development of the construction sub-sector supported not only by the development of the activities, but also by a population redeployment (particularly through the return of persons from the region living elsewhere) and a growth of «second homes»; and
- (iii) development of industrial craft activities, induced by the needs of the transport sector (car repair), building industry and rural activities.

6.6 The sector development objective to support the priority sectors with an impact on the creation of jobs, macro-economic and sector reforms and private sector development, has been achieved as explained in paragraph 3.3, and meets the challenges of the country to upgrade the Moroccan enterprise and prepare it to face competition. The first objectives of job creation and upgrading of the Moroccan enterprise, expected from Bank assistance, have been achieved and need to be sustained through a continuity of assistance, which is in the right direction. Therefore, the impacts of the assistance on the ‘service sector’ may be summed up as follows:

- (i) Development of tourism and associated activities (hotel industry, catering business, tourist craft industry, country lodge, horse riding). In effect, newly established inns were noted in the areas recently opened up by the road projects. Have also developed in these opened up mountainous areas, country lodge activities associated with horse riding, as support activities of the local farming populations, driven by the Tourism Administration.
- (ii) Development of service activities for the populations and the agro pastoral sector, including especially the development of trade, a better stocking of the shops, development of para-automobile activities (petrol stations), the beginnings of bank cover (cover of banking agencies), an expansion of the mobile telephone cover, as well as a multiplication, diversification and qualification of health, pharmaceutical and veterinary, education and training services.
- (iii) Creation of jobs, thanks also to the airport projects, leading to the significant increase of ONDA personnel, which more than doubled from 1992 to 2002, through an increase of 118%;
- (iv) Development of tourism (increase in charter flights) generating many new jobs, especially for women (reception, catering services, rooms and maintenance), as well as the support the project constitutes for the development of tourism in Morocco, which is among the economic concerns of the Moroccan Authorities, as tourism contributes significantly to the country’s economy. Tourism generated a gross surplus of over MAD 25 billion in 2001 compared with 17 million in 2000, for tourist earnings of about MAD 29 and 21 billion in 2001 and 2000, respectively. These tourist earnings in 2001, represent 13.3% of the balance of payments and 7% of the GDP of the Kingdom; and
- (v) Upgrading of the airports to the required international standards by rehabilitating the different airports of the Kingdom through the construction of infrastructure and procurement of modern facilities, thereby facilitating the rapid handling of traffic in good conditions, while providing more comfort and safety to passengers at departure as at arrival.

6.7 It follows from this analysis that Bank assistance in the transport sector had significant impacts on institutional development and the improvement of the living conditions of the poor, as explained in paragraph 3.7.4. The recent structural adjustment programme entitled Transport Sector Reform Programme addresses the Government's concerns to improve the Moroccan administration by upgrading and professionalising the sector. The TSRP, by creating an institutional framework for transparent competition, will stimulate the participation of the private sector in the construction and operating of the infrastructure.

6.8 The Bank assistance strategy was based on the following main thrusts: (i) support to macro-economic and sector reforms, with emphasis on sector and institutional reforms, (ii) support to the strengthening/modernisation of the basic infrastructure, and (iii) support and promotion of the Moroccan enterprise. As the impacts described above show, this strategy addresses the key issues, as it has contributed to the removal of the sector and institutional constraints on strong growth and poverty reduction. The instruments utilised, namely (i) project loans for the investment projects in the principal areas of concentration, and (ii) budgetary support to sustain the institutional and sector reforms, are appropriate. The major risks for the implementation of this strategy are: (i) the consequences of the war in Iraq, ii) lack of consensus and weak coordination in the reforms sector, and (iii) inadequate poverty reduction efforts in relation to the expectations of the population. Suggestions will be made in the paragraph below for the removal of these risks.

7. LESSONS AND RECOMMENDATIONS

7.1 Lessons

7.1.1 Under certain rehabilitation projects, the relative flexibility of the Bank in accepting modifications is necessary in order to take account of the deteriorations that inevitably develop between the appraisal period and the implementation of the planned actions (cf. paragraph 3.2.3).

7.1.2 Under the sector projects, the preparation phase should endeavour to establish a form of effective coordination to ensure interface between the Bank and the different executing agencies (cf. paragraph 3.2.6);

7.1.3 A programme loan appears much more appropriate to road strengthening than a project loan like the one for the Third Project (cf. paragraph 3.2.8); and

7.1.4 A mid-term review may have significant impacts on the implementation of projects. The replacement of the 'foreign training' component with the construction of the Mohammed VI International Civil Aviation Academy is a courageous and welcome initiative, owing partly to the enormous difficulties of adapting the training programme to those of the training institutions abroad and partly to the benefits it has generated for the project and its annual average rotation rate of finished products of 80 students. Furthermore, the institution's international influence has made it a regional Academy and a pride for Africa (cf. paragraph 3.5.1).

7.2 Recommendations

7.2.1 The procedural recommendations for both the Bank and the Borrower are:

- (i) Improvement of the quality at entry of projects through a better estimate of the costs and project implementation time to avoid the extension of deadlines and the cancellations of the balance on the present portfolio (cf. paragraphs 3.2.2, 3.2.3, and 3.2.4);

- (ii) The systematic conduct of mid-term review aimed at detecting projects in difficulty or encountering considerable delays, and at implementing measures required to enhance their performance (cf. paragraph 3.2.2);
- (iii) A more systematic monitoring of the disbursement flows in order to improve their consistency with the physical implementation of projects (cf. paragraph 3.2.9).
- (iv) The constitution of teams well equipped with skilled staff for projects requiring highly specialised expertise, particularly during project preparation and appraisal (cf. paragraph 3.2.3);
- (v) The design of road strengthening programme loans (cf. paragraph 3.2.8);
- (vi) The introduction, in the Bank's appraisal procedures, of the writing of a CSP completion report that helps review what has been achieved in relation to what was defined (cf. paragraph 4.2.1); and the preparation of regular portfolio reviews through a harmonised country-team work, all sectors put together (cf. paragraph 4.2.2); and
- (vii) The preparation phase of a sector project should endeavour to establish a form of effective coordination to ensure an interface between the Bank, the co-financiers and the various executing agencies. A project coordination unit should be set up to ensure constant project implementation monitoring and control. It is suggested that the establishment of this unit be part of the project components and that its duties be clearly defined (production of reports necessary for the Government and the co-financiers, filing of documents on the project, financial monitoring of the project implementation, organisation of consultation meetings with all the project beneficiaries and partners). This unit should be maintained during project implementation (cf. paragraph 3.2.6).

7.2.2 Recommendations on Future Assistance Strategy

To sustain the achievements of the investment operations and implement sector support reforms, there is need for consensus and coordination between the various beneficiaries and executing agencies in the reforms sector. The recently approved TSRP stems from the declared determination of the Government to pursue and deepen the reforms undertaken to upgrade its economy, prepare it for globalisation and opening up under the partnership agreement signed with the European Union. This entails implementing the reforms decided and undertaken by the authorities of the country and the present programme. However, the integration of the open market transporters of road goods transport, envisaged in the TSRP, will mean that the Bank should support the Government in the negotiations with the social partners of the social plans in order to mitigate the negative impacts of the measures proposed on employment. In addition, there is still a risk inherent in the fact that the clarification of duties between the various administrative institutions is still not easy. The Bank should assist the Government in identifying the skills of the sector and its training needs, as well as in preparing an action plan aimed at the coordination of the different institutions of the sector.

TREND OF BASIC SECTOR INDICATORS 1996-2004

Table 1.1 : State of the Roads between 1990 and 2000

YEAR	STATE OF THE ASPHALTED ROAD NETWORK (*) (% OF ASPHALTED NETWORK)			
	A	B	C	D
1990	37.9	15.4	18.1	28.6
1992	40.8	15.6	14.4	29.2
1994	43.5	18.3	13.5	24.6
1996	43.5	19.6	12.8	24.1
1998	48.0	16.7	15.5	19.8
2000	48.3	17.7	15.4	18.6

(*) A: Good state; B: Acceptable state; C: Bad state; D: Very bad state

Table 1.2 : Actual and projected traffic on the three main airports

Airports	1999			2005		
	Movements N/year	Passengers	Freight (In tonnes)	Movements N/year	Passengers	Freight (In tonnes)
Mohammed V (Marrakech)	44,415	3,421.445	44,255.3	83,403	4,965.000	48.000
Agadir	12,942	1,292.216	2,006	22.995	2,106.000	3.500
	13,604	1,128.882	2,122.8	25.156	2,048.000	5.500

Table 1.3 : Overall traffic performance in the airports

1 – Aircraft movements						
Types of movements	1994	1995	1996	1997	1998	1999
National						38395
International						56366
Total	64060	61078	61273	72917	90618	94761
2 – Passenger traffic (000)						
National	1084	1099	1263	1438	1783	1877
International	3414	3245	3470	3750	4241	4777
Transit	239	220	187	155	196	150
Total	4737	4564	4920	5343	6220	6804
3 - Freight (in tonnes)						
	47292	50000	46686	48071	49335	52519
4 – Percentage increase of traffic activities in %						
Aircraft movements			0.30%	19.00%	24%	4,5%
Flight over			3.00%	5.00%	10%	8%
Passengers			7.70%	8.80%	16%	10%
Freight			6.72%	2.90%	3%	6%

Table 1.4 : Actual and estimated passenger traffic

Flight	Annual growth (%)		Number of passengers (in thousands)			
	1994/98	2000/2004	1994	1998	1999	2004
Regular	8.9	11.6	3.400	4.787	5.035	7922
Charter	1.7	9.8	1.327	1.419	1.707	2685
Total	7.0	9.9	4.727	6.206	6.742	10.607

Source: ADB and ONDA mission

**RATING BY PROJECT AND SUMMARY BY SECTOR ACCORDING
TO THE EVALUATION CRITERIA**

EVALUATION RATINGS

Interpretation of the marks:

4	: Highly satisfactory	(HS)
3	: Satisfactory	(S)
2	: Unsatisfactory	(US)
1	: Highly unsatisfactory	(HUS)

Table 2.1 : Evaluation of Bank assistance strategy

Evaluation criteria	Ratings	Observations
Bank assistance strategy	3	The performance is satisfactory
Relevance of country strategy	3.5	Bank assistance diversified recently, as it has in recent years participated more actively in the policy-based reforms. The Bank's priorities of upgrading the infrastructure, preserving the existing one and liberalising the sector are in line with those of the country.
Efficacy of strategy	2.5	For lack of sector studies, the Bank relies on those of the co-financiers. Close collaboration with the World Bank and the European Union lessens this shortcoming. And yet the Bank does not develop an autonomous analytical capacity.

Table 2.2 : Evaluation of lending operations

Table 2.2.1 : Transport Sector Programme I

Evaluation criteria	Ratings	Observations
Relevance and quality at entry	3	Sector programme designed as a juxtaposition of sub-sector projects without coordination between them. Good preparation of the studies, nevertheless.
Achievement of objectives and results Efficacy	3	Objectives achieved but with a slippage of 87 months.
Efficiency	3	IRR of the railroad and airport components higher than at appraisal.
Impact on institutional development	3	Institutional strengthening of the ONDA with repercussions on the transfer of expertise at regional level
Sustainability	3	ONDA financial autonomy, increasing financial resources for road maintenance and the training of ONCF staff ensure the sustainability of the project.
Cross-cutting issues	3	Marginal improvement of poverty thanks to the jobs created by the road and airport maintenance works.
Performance of the Borrower	3	Poor coordination between the executing agencies of the sub-sectors. Delays in the disbursement requests.
Performance of the Bank	3	2 supervision missions in 129 months
Overall mark	3	

Table 2.2.2 : 3rd Road Project

Evaluation criteria	Ratings	Observations
Relevance and quality at entry	4	Project in line with the country's strategic objectives of preserving the heritage and opening up the rural world. Good preparation.
Achievement of objectives and results Efficacy	4	The project exceeded its objectives with the highly satisfactory technical performance of the executing agencies; a slippage of 20 months
Efficiency	4	IRR at completion higher than at appraisal thanks to a denser traffic than planned. Costs well controlled.
Impact on institutional development	3	Training of the DRCR staff in ADB procedures, consolidation of staff experience in the management of road works.
Sustainability	3	Existence of a road fund consolidated by the creation of a fund financing the construction of rural roads.
Cross-cutting issues	2	Improvement of the living conditions of the poor through a better access to facilities and the creation of employments, including jobs for women.
Performance of the Borrower	2	12 contracts rejected for problems of non-compliance with the procurement procedures. Consequently, 50% of the loan cancelled
Performance of the Bank	3	The Bank cancelled the rejected amounts and trained the staff in the ADB procurement procedures.
Overall marks	3	

Table 2.2.3 Airport Rehabilitation Project

Evaluation criteria	Ratings	Observations
Relevance and quality at entry	3	Project had to be scaled down; it underwent a lot of modifications following a bad assessment of traffic. Project overestimated.
Achievement of objectives and results Efficacy	3	Objectives achieved; good technical implementation performance, but with a slippage of 4 years; modifications made.
Efficiency	3	Satisfactory financial performance
Impact on institutional development	3	ONDA's institutional training capacity and regional influence.
Sustainability	3	ONDA's financial autonomy and expertise will ensure the sustainability of the project outputs.
Cross-cutting issues	3	Significant impact on regional integration.
Performance of the Borrower	3	Project well implemented but 4 years behind schedule.
Performance of the Bank	3	Project well supervised
Overall rating	3	

Table 2.2.4 : Railroad Rehabilitation Project (ongoing)

Evaluation criteria	Ratings	Observations
Relevance and quality at entry	2	Engineering studies of bad quality. 2 landslides during project implementation.
Achievement of objectives and results Efficacy	3	Works completed 2 years late
Efficiency	3	51.6% disbursement rate in June 2005
Impact on institutional development	4	Improvement of ONCF institutional capacity
Sustainability	2.5	This will depend on the field behaviour following utilisation of the 2 tracks
Cross-cutting issues	2.5	Improvement of the welfare of the poor.
Performance of the Borrower	3	Good implementation performance, even if with lateness
Performance of the Bank	3	1st disbursement 5 years late. Good supervision
Overall mark	3	Evaluation based on the probability of good project completion

Table 2.2.5: Airport Capacity Improvement and Expansion Project (ongoing).

Evaluation criteria	Ratings	Observations
Relevance and quality at entry		Update the studies to adapt them to the new standards imposed by ICAO in the wake of the 11/9/01 events.
Achievement of objectives and results Efficacy	3	10% physical completion to date, owing to the time required to update and adapt the studies to the new standards.
Efficiency	3	29% disbursement to date
Impact on institutional development	3	ONDA institutional training capacity and regional influence.
Sustainability	3	ONDA's financial autonomy and expertise will ensure the sustainability of the project outputs.
Cross-cutting issues	3	In the end, the liberalisation of the sector might encourage the private sector to invest.
Performance of the Borrower	3	Good implementation capacity and adaptation to the new context.
Performance of the Bank	3	Sustained supervision
Overall mark	3	Evaluation based on the probability of good completion of the project.

Table 2.3 : Summary evaluation of all the lending operations

Evaluation criteria	Ratings	Observations
Relevance and quality at entry	3	The shortcomings were taken into consideration during the implementation
Achievement of objectives and results Efficacy	3	Most of the projects exceeded their initial objectives.
Efficiency	3	IRR higher than estimated at appraisal
Impact on institutional development	4	Significant development impacts of the ONDA, DRCCR and ONCF
Sustainability	3	
Cross-cutting issues	2	
Performance of the Borrower	3	
Performance of the Bank	3	
Overall rating	3	

SUMMARY OF BANK OPERATIONS

Table 3.1: Bank Group Operations in the Sector

Name of Project	Type	Approval Date	Signing date	Effectiveness date	Completion date	Currency	Initial amount	Final amount	% Disbursed	Status
TRANSPORT SECTOR PROGRAMME	SI	11/25/87	03/10/88	01/18/90	12/31/98	UA	94,000,000	93,235,896	100	Completed
SECOND ROAD PROJECT	PL	06/11/90	12/05/90	02/25/92	12/31/96	UA	25,750,000	21,604,845	100	Completed
AIRPORT REHABILITATION PROJECT	PL	12/14/92	04/06/93	10/12/93	08/31/01	UA	70,000,000	43,288,674	100	Completed
THIRD ROAD PROJECT	PL	12/15/94	05/19/95	11/05/97	08/31/01	UA	60,000,000	29,374,240	100	Ongoing
RAILROAD REHABILITATION PROJECT	PL	12/16/98	03/08/99	04/06/01	06/30/05	US\$	54,189,550	<u>81,500,000</u>	51.6	Ongoing
AIRPORTS CAPACITY IMPROVEMENT AND STRENGTHENING PROJECTS	PL	04/18/01	01/06/02	09/18/02	12/31/06	EUR	66,596,475	77,800,000	12	Ongoing
TRANSPORT SECTOR REFORM PROGRAMME	Budget support	09/30/2004	12/04/2004		12/31/2006	EUR	240,000			Ongoing

Summary of the Performance and Results of Operations in the Sector

Interpretation of the marks:

4	: Highly satisfactory	(HS)
3	: Satisfactory	(S)
2	: Unsatisfactory	(US)
1	: Highly unsatisfactory	(VUS)

Table 4.1
Evaluation of Lending Operations (by project)

Projects	Ratings	Observations
Transport Sector Programme	2	Good preparation but poor supervision. 5 years slippage- no coordination between the various executing agencies
3rd Road Project	3	Technically well implemented- bad charging of the costs leading to a cancellation of 50% of the loan and 18 months implementation slippage
Airport rehabilitation project	3	Disbursement over 9 years instead of 5- 50% of the loan cancelled- 4 years start-up slippage- many modifications- well supervised
Railroad rehabilitation project	3	Uncompleted
Airport capacity expansion project	3	Uncompleted
Overall rating	3	

Table 4.2 : Summary Evaluation of all Lending Operations
(according to the evaluation criteria)

Evaluation criteria	Ratings
Relevance and quality at entry	3
Achievement of objectives and results Efficacy	3
Efficiency	3
Impact on institutional development	3
Sustainability	3
Cross-cutting issues	3
Performance of the Borrower	3
Performance of the Bank	3
Overall mark	3

Table 4.3 : Evaluation of Assistance in the form of Non-lending Operations

Evaluation criteria	Ratings	Observations
Contribution to the preparation of sector policies	3	Bank assistance diversified recently, as in recent years the Bank has participated actively in the policy dialogue that led to policy-based reforms.
Country Strategy Papers	3	The CSPs identified well the challenges of upgrading and liberalising the sector.
Portfolio Review	2.5	Irregular rate. No portfolio review since that of 2002
Aid Coordination with Donors	3	Coordination with the World Bank, AFESD and the European Union was fruitful: consultations, joint missions
Overall mark	3	

Overall evaluation of the sector: (average of the 2 ratings of the lending and non-lending operations)= 3

Table 4.4 : Level of Attainment of Sector Goals

Sector development goal	Results expected	Results obtained
1.1 Preservation of previous road investments 1.2 Regional network development 1.3 Opening up of the rural world	<ul style="list-style-type: none"> - Over 60% of the road network in good state. - Creation of agricultural, industrial and tourist development projects. - Increase in inter-municipal trade 	Objective achieved and even exceeded. Over 70% of the road network in good state. Development of trade, opening up of the rural areas in the Azilal, Ouarzazate, Boulmane, Er Rachidia and Figuig regions.
2.1 Improve air navigation safety. 2.2 Adapt the airport infrastructure to traffic requirements. 2.3 Clarify the institutional relations between ONDA and its parent ministry 2.4 Make Casablanca a crossroads between the United States, Africa and the Middle (East) 2.5 Improve the contribution of air transport to the national economy.	<ul style="list-style-type: none"> - The safety equipment and infrastructure of 13 airports rehabilitated or renewed and in good state. - Enhanced Safety - Improvement of ONDA management <p>Increase of the contribution of air transport to GDP.</p>	Objective achieved and even exceeded. The safety of air navigation is ensured. The airports of the Kingdom are accordingly designed and are among the most reliable in the continent. ONDA is a solid structure equipped with an efficient organisation chart that exports its expertise (Syrte, Ghaza.) Project in progress Project in progress
Poverty reduction, social aspects and women in development		The socio-economic spin-offs are many in tourism and in the rural area.
Private sector development		The strengthening of the transport infrastructure has favoured the emergence of SMEs, especially in production and marketing.

Matrix of Recommendations and Follow-up Measures
Table 5.1: Matrix of Recommendations

PRINCIPAL OBSERVATIONS	RECOMMENDATIONS	PROPOSED FOLLOW-UP MEASURES	RESPONSIBILITY
<p>Country assistance strategy. Sector study is necessary to better know the status of each sub-sector. The estimate of the project duration should be based on past experience.</p>	<p>The principal recommendations to the Bank are: (i) a better design of its assistance strategy based on in-depth sector studies likely to foster its dialogue on policies and programmes, its portfolio of projects and its value added in the coordination of aid; (ii) revision of the project cycle based on the lessons of experience; (iii) introduction of CSP completion report; (iv) regular conduct of portfolio reviews;</p>	<p>Programme (i) studies and their validation process and identify their resources, (ii) CSP completion report.</p>	<p>OPEV/Operations Departments (ONIN)/Country team</p>
<p>Programme loans consistent with the five-year road works programmes are better adapted to road projects.</p> <p>Missions on the different project implementation phases are not systematic.</p> <p>Non-compliance with the ADB procurement procedures.</p>	<p>For road maintenance, design programme loans in place of project loans.</p> <p>Systematise the organisation of launching mission upstream of any project activity, mid-term review, and comply with the normative rate of supervision missions, notably at project start.</p>	<p>Study this possibility upstream of the appraisal of similar projects, through the conduct of a study specific to the road sub-sector, in order to adapt the project perfectly to the internal procedures of the Equipment and Finance Departments.</p> <p>Envisage these missions in the schedule of monitoring missions during appraisal, strengthen the priorities of supervision missions and ensure compliance with the minimum rate of 1.5/year.</p>	<p>ONIN/DRCR</p> <p>ONIN/MINISTRY OF FINANCE/ EXECUTING AGENCIES (ONDA, ONCF, DRCR)</p>

PRINCIPAL OBSERVATIONS	RECOMMENDATIONS	PROPOSED FOLLOW-UP MEASURES	RESPONSIBILITY
<p>The Bank is not flexible in the procedures for the procurement of small amounts.</p> <p>Disbursement applications arrive late and are processed late.</p> <p>Audit reports are not systematically transmitted.</p>	<p>Regularly organise seminars for the dissemination of Bank procurement rules and procedures. .</p> <p>Introduce relative flexibility in the application of Bank procurement rules.</p> <p>Impose a maximum delay for forwarding disbursement requests to the Bank.</p> <p>Audit report should be annual and transmitted to the Bank at the closure of each financial year.</p>	<p>Ensure the participation of the stakeholders required to directly utilise these rules.</p> <p>Study during appraisal and confirm during negotiations, the possibility of approving contracts already concluded à posteriori</p> <p>Reduce the processing time of disbursement requests.</p> <p>Envisage the preparation of the audit report by an external firm if the work load of the IGF does not make it possible to comply with the annual rate of preparing and forwarding the report to the Bank.</p>	<p>ONIN</p> <p>ONIN</p> <p>ONIN/EXECUTING AGENCIES (ONDA, ONCF, DRCR)</p> <p>EXECUTING AGENCIES (ONDA, ONCF, DRCR)</p>