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AFRICAN DEVELOPMENT BANK

PROJECT : Increasing Capacity on the Tanger-Marrakech Railway Line

COUNTRY : Kingdom of Morocco

APPRAISAL REPORT

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Currency Equivalents*[Date October 2010]*

UA 1	=	EUR 1.16665
UA 1	=	MAD 12.2964

Financial Year

1 January - 31 December

Weights and Measures

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inches
1 kilometre (Km)	=	0.62 miles
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

ADB	=	African Development Bank
AFD	=	French Development Agency
BD	=	Bidding Documents
EIB	=	European Investment Bank
ERR	=	Economic Rate of Return
ESDP	=	Economic and Social Development Plan
ESMP	=	Environmental and Social Management Plan
EU	=	European Union
EUR	=	European Currency Unit
FRR	=	Financial Rate of Return
GDP	=	Gross Domestic Product
HEQ	=	High Environmental Quality
IBRD	=	International Bank for Reconstruction and Development
IDB	=	Islamic Development Bank
IGF	=	General Inspectorate of Finance
JBIC	=	Japan Bank for International Cooperation
MAD	=	Moroccan Dirham
MET	=	Ministry of Equipment and Transportation
NHDI	=	National Human Development Index
NPV	=	Net Present Value
ONCF	=	National Railway Company
OPEV	=	Operations Evaluation Department of ADB
TSRP	=	Transport Sector Reform Programme
UA	=	ADB Unit of Account

Project Information

Client Information

BORROWER: National Railway Company (ONCF)**EXECUTING AGENCY:** National Railway Company (ONCF)

Financing Plan

Source	Amount (Million EUR)	Instrument
ADB	300	Project Loan
ONCF	138.2	Self-Financing
TOTAL COST	438.2	

ADB Key Financial Information

Loan Currency	EUR
Interest Type	floating
Interest Rate Margin	40 bp + Bank's variable cost margin
Commitment Fee	n/a
Other Charges	(type, basis point)
Tenor	Six monthly
Maturity	15 years
Grace Period	(60 months)
FRR, NPV (baseline scenario)	FIRR = 10.2%, NPV = MAD 1.2 billion
ERR (baseline scenario)	16.5% NPV =MAD 4.6 billion

Duration 5 years, Key Milestones (expected)

Loan Agreement Negotiation	(November 2010)
Loan Approval	(December 2010)
Effectiveness	(March 2011)
Project Completion	(December 2016)
Start of Repayment	(January, 2017)

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Project Summary

1. General Project Overview

1.1 At an estimated total cost of about MAD 5.1 billion (about EUR 438.2 million), this programme is a major component of the overall investment programme (excluding the High Speed Rail Link –LGV) in the total amount of MAD 12.8 billion retained under the 2010-2015 performance contract signed between the National Railway Company (ONCF) and Morocco's central government. Implementation of this programme is in keeping with the Transport Sector Development Strategy and the main objectives are to: (i) pursue the upgrading of the rail network to meet the expectations of customers and aspirations of economic operators; (ii) continue to improve the productivity of the Company's production system; and (iii) enhance the quality of service delivery.

1.2 This project aims at a capacity increase on the Tangiers-Marrakesh railway line concerning the two sections - Kenitra-Rabat-Casablanca and Casablanca-Settat-Marrakesh - that link the South to both the North and East of the country. The Kenitra-Casablanca section is particularly important because of its strategic position in the configuration of the national rail network as a hub linking the North, South and East of the country. From a commercial standpoint, this main line plays a key role in the ONCF passenger and freight activities, since almost 50% and 70% respectively of freight (excluding phosphates) and passenger traffic passes through it. For its part, the Casablanca-Marrakesh line provides a rail link between Casablanca, the country's economic megalopolis and Marrakech, the tourism capital. This section is 30% double track between Casablanca and Settat (73km) and 70% single track between Settat and Marrakesh (174km). Rail traffic on the Casablanca-Marrakesh link has increased considerably to double digit rates in recent years, due to the socio-economic, cultural and tourism boom in these two urban centres.

1.3 This project is scheduled for implementation over the 2011-2016 period and consists in : (i) strengthening works on the existing tracks, including the construction of a third track, 148 km long between Zenata and Kenitra dedicated to freight along the existing Kenitra-Rabat-Casablanca line ; and (ii) upgrading and partial double tracking works on 40km between Settat and Marrakech on the Casablanca-Marrakesh line.

1.4 Implementation of the project will provide the Tangiers-Marrakesh rail link with infrastructure that meets market requirements in terms of competitiveness (journey time and quality of service). The main expected project outcomes are : (i) a significant increase in rail travel supply starting in 2016, with an improvement in rail traffic fluidity and frequency of shuttle, mainline and freight trains ; (ii) increased population mobility in the project area ; and (iii) employment creation (direct and indirect jobs) during the project implementation and operational phases, especially in the logistic zones created.

2. Needs Assessment

2.1 Over the last few years, there has been sustained growth in Morocco's rail transport sector. Over the 2004-2009 period, passenger traffic increased at an average annual rate of 8.1%, from 19 to 30.4 million. Freight traffic also increased, but at a fairly modest annual rate, recording 2.9%/year between 2004 and 2007 (36 compared to 33 million tonnes) before the international financial crisis caused a 21.8%/year contraction starting in 2008, representing goods traffic of 22 million tonnes in 2009. In order to meet the 2004-2009 traffic increase, ONCF made investments to the tune of MAD 18 billion, fully committed as at July 2009, to upgrade its production system and boost rail transport supply as follows: (i) double tracking of the Rabat-Fez and Sidi El Aidi-Settat lines; (ii) opening new destinations (Taourit-Nador-Beni Anzar); (iii) opening the link to the new port of Tangiers; and (iv) improving service frequency with the introduction of fast shuttle trains between Rabat and Casablanca.

2.2 Furthermore, given the significant development witnessed in the Tangiers region as a result of the tourism boom and the commissioning of the Tanger Med port complex in 2007, the Moroccan Authorities have undertaken to open the proposed Tangiers-Kenitra high speed rail link by 2015. This link is expected to bring on board 4.2 million new passengers and thus significantly improve rail transport supply in terms of links with the north, with potential traffic of about 10.2 million passengers, including 8 million on the high speed train (TGV). It should be emphasised that Tangiers port is now one of the busiest transshipment points on the maritime highways, with a potential container traffic capacity of 3 million TEU (twenty-foot equivalent units). Tanger Med is on its way to becoming a multimodal hub with world-class facilities and logistics, commercial and industrial free trade zones including appropriate road and rail infrastructure.

2.3 Starting in 2016, the traffic flows expected will undoubtedly impact the level of service of the rail network and capacity for which analyses have already highlighted the saturation of the Tangiers-Casablanca rail link with a current track occupation rate above 75%. The project to increase capacity on the Tangiers-Marrakech rail line is one of the anchor projects identified by ONCF to meet this increase in traffic. Indeed, owing to the existing capacity constraints, the freight traffic service from Tangiers only operates from 10 p.m. to 5 a.m., and the third track to be built, primarily for freight conveyance, will allow round-the-clock freight traffic between Tangiers and Casablanca. By increasing capacity and enhancing the quality of the infrastructure, the works on the existing lines, including the partial double tracking between Settat and Marrakesh, will bring about an improvement in train operating conditions including substantial time savings.

3. Bank Added Value and Knowledge Management

3.1 In Morocco, the Bank is considered as a strategic partner in the transport sector because of its various past and present operations in all the sub-sectors. Indeed, a post-evaluation carried out by OPEV in 2007 noted the efficiency and relevance of these operations in relation to the sector objectives and challenges. The Bank has already financed two projects in the rail sub-sector, namely: the Transport Sector Rehabilitation which included a rail component (1993) and the Railway Rehabilitation Project (1998). The latter project, co-financed with the World Bank was completed in 2007. These two projects helped build ONCF's operational capacities, improve its service quality and increase its revenue. On the strength of such pertinent project outputs and following its restructuring along different business lines (Security and Control, Development, Passengers, Infrastructure and Traffic, Freight and Logistics, Equipment Maintenance), the company is now focused on meeting customer demand, and has become one of the most viable railway structures in the Maghreb.

3.2 This project builds on the previous projects and the valuable experience acquired in their management will be used to advantage in its implementation. Moreover, the proposed operation affords the Bank an opportunity to step up its cooperation with other operators in the sub-sector, such as EIB, AFD and the EU, which are participating in the financing of the ongoing LGV project, as well as the World Bank, which contribution will also be sought in 2011 to finance the Fez-Oujda line upgrading project.

Results-Based Logical Framework

HIERARCHY OF OBJECTIVES	EXPECTED OUTCOMES	REACH	PERFORMANCE INDICATORS	TARGET INDICATORS AND TIMELINES	ASSUMPTIONS/RISK
<p><u>Goal</u></p> <p>Improve rail transport competitiveness, especially in the freight transport niche market.</p>	<p><u>Impacts</u></p> <p>The logistic competitiveness of the national economy is strengthened by rail service's contribution to freight transport and development of the network of multimodal logistics hubs better connected to the port network</p>	<p><u>Beneficiaries</u></p> <p>ONCF and transport and logistics industries and trades, as well as the country's population.</p>	<p><u>Impact Indicators</u></p> <p>Rail's share in freight transport from the national port network and share in passenger transport</p> <p>Number of logistics zones (LZ), of dry ports throughout the country connected to the port network.</p> <p>Number of jobs created in the LZ</p>	<p><u>Expected Progress and Long-Term Timeframe</u></p> <p>Rail's share in freight transport from ports and passenger transport in 2010, 2016 and 2020</p> <p>Share of freight: 6% to 11% and 14%</p> <p>Passenger share (accessible): 11% to 15% and 15+;</p> <p>Pass. share (overall): 5.5 to 7% and 10%</p> <p>Ports : (2010-2016) : Tanger Med: 0 to 50%</p> <p>Casa: 10% to 35%; Jorf Lasfar: 21% to 35%; Nador West Med: 0 to 60%</p> <p>5 LZ operational in Tangiers, Casa, Zenata, Fez and Marrakesh</p> <p>20.000 jobs created in the LZs and related activities by 2020</p>	<p><u>Assumption:</u></p> <p>Sustained economic growth</p>
<p><u>Project Objective</u></p> <p>Meet goods and passenger traffic demand by increasing the capacity of the Kenitra-Casablanca and Casablanca-Marrakesh railway lines</p>	<p><u>Effects</u></p> <p>The operating conditions of passenger and goods trains are significantly improved with enhanced safety on the Tanger-Kenitra-Casa-Marrakesh rail link</p>	<p><u>Beneficiaries</u></p> <p>Populations of Tangiers, Kenitra, Fez, Rabat, Greater Casablanca and Marrakesh</p>	<p><u>Effect Indicators</u></p> <p>Track occupation rates</p> <p>Commercial speed on the Settat-Marrakesh line</p> <p>Daily frequencies of trains (Tr/d) of the fast shuttle (TNR), main-line trains (TDL) and freight trains (TDF) on the Tangiers-Kenitra-Casa-Marrakesh rail link</p> <p>Journey time (JT) of trains on the Kenitra-Casablanca and Casa-Settat-Marrakesh lines</p>	<p><u>Expected progress and medium-term timeframe</u></p> <p><u>From 2010 to 2016</u></p> <p>Kenitra-Casa</p> <p>Track occupation rate > 75% to 53%</p> <p>Casa-Marrakesh : 68% à 28% and Commercial</p> <p>Speed up from 75 to 120km/h</p> <p>Trains/day of TNR and TDL up from 100 to 152 on the main Kenitra-Casa-Marrakesh; Casa-Marrakesh : Tr/d from 20 to 24</p> <p>Casa-Kenitra-Fez-Tangiers : Freight tr/d : from 8 to 24</p> <p>Casa-Marrakesh : 3H15 to 2H38 (37 minute time gain)</p> <p>Tanger-Casa: from 5h45 to 4h20 minutes (a saving of 85 minutes)</p>	<p><u>Statement of Assumptions</u></p> <p><u>Assumptions/Risks</u></p> <p>Deterioration of ONCF's financial situation in the wake of a fall in phosphate traffic owing to the commissioning of the OCP slurry pipeline project.</p> <p><u>Mitigation Measures</u></p> <p>New freight strategy focused on diversification of freight activities (oil products, cereals, materials, etc.)</p>

HIERARCHY OF OBJECTIVES	EXPECTED OUTCOMES	REACH	PERFORMANCE INDICATORS	TARGET INDICATORS AND TIMELINES	ASSUMPTIONS/RISK
<p><u>Inputs and Activities</u></p> <p>1. Increase in the capacity of the Kenitra-Casablanca (386.62 m€) line comprising:</p> <p>1.1 Line strengthening works (128.87 m€);</p> <p>1.2 Construction of a third track dedicated to freight (257.75 m€)</p> <p>2. Increase in the capacity of the Settat-Marrakesh (51.55 m€) line comprising</p> <p>2.1 Track upgrading (18 m€)</p> <p>2.2 Partial doubling between Settat and Marrakesh (34.37 m€)</p> <p>3. Project management and monitoring</p>	<p><u>Outputs</u></p> <p>1.1 Strengthening works (track and catenary replacements, rehab of tunnel and structures, signaling/telecom, stations, security-safety) on existing lines carried out</p> <p>1.2 Work carried out on the 3rd line for freight between Kenitra and Zenata (tripling between Kenitra and North Sidi Bouknadel, and South Temara Mansouriah, and Rabat and Mohammedia by-pass).</p> <p>2. 1 Upgrading work (track and catenary replacement and realignment of curves) carried out</p> <p>2.2. Doubling of track (40 km) between Settat and Marrakesh completed</p> <p>3.1 Project contracting owner and management services and TA to project ownership and management (Works supervision and control, control of equipment installation and environmental monitoring) delivered</p> <p>3.2 Preparation of periodic status reports, etc.</p> <p>3.3 Audit of project accounts and environmental monitoring carried out.</p>	<p><u>Beneficiaries</u></p> <p>Works contractors and earthmoving companies, suppliers of railway equipment, consulting firms, ONCF, population of project area</p>	<p><u>Output Indicators</u></p> <p>1.1 a km of track catenaries replaced</p> <p>1.1 b number of bridges and tunnels rehabilitated and km of fencing of railway rights-of-way completed</p> <p>1.1 c – Upgrade of signalling and Telecom installations</p> <p>1.2 Km of track between Kenitra and Casa completed</p> <p>2.1 Km of track and catenaries replaced, and curves re-aligned</p> <p>2.2 Km of additional double tracking between Settat and Marrakesh</p> <p>Sources : ONCF/DPIC</p> <p>Final acceptance report on work on track and other installations, status reports , project supervision and completion reports</p>	<p><u>Expected Progress and Short-Term Time frame</u></p> <p>1.1.a : 130 km of track replaced by 2011 and 160 km of catenaries by 2013</p> <p>1.1.b: 3 bridges and 1 tunnel rehabilitated and 6 small stations rehabilitated including signalling, 100 km of fencing completed by 2013 including signalling and telecom.</p> <p>1.2 -148 km of the 3rd track for freight completed and made secure by 2015</p> <p>2.1. 32 km of track replacement and 140 km of catenary replacement completed by 2012 including curve realignment works</p> <p>2.2- 40 km of double tracking completed (20 km between Skhours and Bengueurir by 2012 and 20 km between Sidi Ghanem-Marrakesh by 2013)</p> <p>3.1 TA mission carried out and completed by 2015</p> <p>3.2 Audit of project accounts, mid-term review carried out annually from 2011 to2015 and mid-term review mission carried out in 2013</p>	<p><u>Statements of Assumptions</u></p> <p><u>Assumptions/Risks</u></p> <p>Delay in obtaining necessary right of way for the project</p> <p><u>Mitigation Measures</u></p> <p>ONCF has made it known that these works on the 3rd line for freight will be carried out within the rights of way already reserved under the LGV projects and the Rabat motorway by-pass under construction. For the work related to track connections, right-of-way appraisals have been conducted pending the necessary compensation.</p>

**REPORT AND RECOMMENDATION OF THE AFRICAN DEVELOPMENT BANK MANAGEMENT
TO THE BOARD OF DIRECTORS CONCERNING A PROPOSAL TO THE NATIONAL RAILWAY
COMPANY (ONCF) TO FINANCE THE PROJECT TO INCREASE CAPACITY ON THE MAIN
TANGIERS-MARRAKESH RAILWAY LINE IN MOROCCO**

Management submits this report and recommendation concerning a loan of EUR 300 million to the National Railway Company (ONCF) to finance the project to increase capacity on the Tangiers-Marrakech railway line in Morocco.

I. – Strategic Thrust and Rationale

1. 1- Project Linkages with Country Strategy and Objectives

1.1. 1- The project is a part of the continuing implementation of the general framework of the National Development Programme (PND) initiated in 2002 by the Government with the following directional thrusts : i) consolidation of the rule of law and enhanced efficiency of the Moroccan Administration; ii) opening the domestic market to competition; iii) strengthening and modernization of the transport networks; iv) upgrading the national economic fabric and support to the private sector; and v) reduction of poverty and social disparities. Regarding Thrust iii), through various transport infrastructure projects accompanied by judicious reforms implemented over the 2003-2007 period, Morocco has successfully improved the competitiveness of its economy thereby accelerating the socio-economic development process. However, the economic growth planned over the 2008-2012 period entails considerable infrastructure requirements for all transport modes. In this new context, the Ministry of Equipment and Transportation (MET), under the authority of which ONCF operates, has refocused its action strategy for the period on the following priority thrusts: a) continuing implementation of the major infrastructure projects; b) improvement of the national economy's logistics competitiveness; and c) mobility and sustainable transport.

1.1. 2- The ONCF investment programme retained under the 2010-2015 performance contract signed with the Moroccan central government is consistent with this transport sector development strategy, in particular through the objectives of: (i) upgrading of the rail network to meet the expectations of customers and aspirations of economic operators; (ii) improving the productivity of the Company's operating facilities; and (iii) enhancement of the quality of service delivery.

1. 2- Rationale of Bank's Intervention

1.2. 1- The Bank's involvement is justified by the need to meet the railway sub-sector financing requirements and to build on the experience gained from implementing the railroad rehabilitation project in 2006.. Furthermore, the Bank's presence in the rail sub-sector is necessary because of the strategic aspect of such infrastructure in the national economy's logistics competitiveness. Indeed, for the 2010-2020 period, ONCF, with Government backing, has implemented an ambitious, integrated strategy aimed at supporting and boosting the country's economic and social development. Two of the main action thrusts of this strategy are: (i) initiation of a High Speed (LGV) Master Plan aimed at building over time a network of about 1,500 km on two main lines that run, respectively, north to south from Tangiers to Agadir and East to West from Casa to Oujda; and (ii) an increase in freight transport supply so as to support the rapid development of the Tanger Med port complex and subsequently the Nador West Med port. Implementation of this project to increase capacity on the main Tangiers-Marrakesh railway line is in line with this second thrust.

1.2. 2- It should be noted that the Bank was approached to participate in the financing of the LGV project along with other partners (French Government, AFD, EIB, EU) and the Bank carried out its identification mission in 2009 with a view to processing the financing during the course of 2010. In the meantime, the

Moroccan Government had received concessional financing from the Kingdom of Saudi Arabia (KSA) to finalise this project's financing. The Government requested that the Bank instead assist in financing its 2010-2015 investment programme, and this project in particular. Work on the LGV project has begun in 2010 and the first section (Tangiers to Kenitra) will be commissioned in 2016.

1.2. 3- This project, at a total cost of MAD 5.1 billion, is an integral part of the overall investment programme (excluding the LGV) representing close to 40% of the scheduled investments. Its implementation is in line with Pillar II of the 2007-2011 Country Strategy Paper (CSP) for Morocco, approved in 2007 whose two intervention pillars are: (i) improvement of the governance system; and (ii) development and upgrading of infrastructure and enterprises. By anchoring on this last pillar, which is one of the strategic objectives of its assistance, the Bank intends to help strengthen the competitiveness of the Moroccan economy. Also by retaining the second pillar of the CSP, the Bank is consolidating its previous achievements for its comparative advantage in infrastructure. Consequently, infrastructure will continue to be the priority of its operations, especially in the transport, energy, water and sanitation sectors which, along with agriculture, account for 84% of the Bank's commitments.

1.2. 4- Finally, implementation of this strategy is in line with the Bank's medium-term strategy (MTS) for the 2008-2012 period, the third of the nine commitments of which is 'to focus more selectively on infrastructure, governance, private sector operations, higher education and technology and vocational training'. The MTS does, in fact, plan to channel a significant part of its new commitments towards infrastructure, in particular transport, energy and new information and communication technologies (NICT).

1. 3- Aid Coordination

1.3.1- Several donors are operating in Morocco's transport sector and awarding the country loans or grants. In addition to the Bank, the main donors are: IBRD, EIB, EU, AFD, JICA, IDB, AFESD and the Kuwait Fund. Contributions by donor over the past few years are presented in Table 1.1 below. Overall, coordination of aid to Morocco among the main financial partners is carried out through a consultative mechanism, mainly involving periodic meetings between the Bank's Country Office (MAFO) and development partners represented in the country. Specific meetings among partners are also organised as necessary and also during the missions of the different partners, with a view to exchanging information on the sector and the status of the different projects and programmes. These meetings provide an opportunity for the Bank to coordinate and harmonise its operations in the sector with those of the other donors.

Table 1.1 Contributions by Donor

Year	(Million UA)									
	ADB	IBRD	EIB	EU	AFD	FR	JICA	IDB	AFESD	FSD
2001/2002	54.50	-	-	-	-	-	140	-	28.83	-
2003	-	-	-	79.92	-	-	-	-	-	-
2004	-	25.09	-	-	62.77	-	-	-	-	-
2005	-	-	108.68	-	-	-	-	-	-	-
2006	101.92	40.78	-	-	-	-	106.25	70.94	80.55	76.16
2007	40.24	-	154.35	-	-	-	47.33	82	70	-
2008-2010	256	-	340	100	150	770	-	-	50	50

1.3.2- There is not yet any thematic group in the sector; however, MAFO intends to establish one to cover matters recurring in the discussions, such as the sustainability of road investments and the

development of logistics. This initiative will undoubtedly have budgetary implications in terms of human resources and back-up logistics for the activities to be carried out.

1.3.3- With a view to strengthening coordination of development Aid among the technical and financial partners (TFP), the Government is preparing a Geographic Information System (GIS). This system will allow real time monitoring of the operations of the different TFP by geographic area, sector, and amount. The GIS is managed by a Steering Committee composed of MoF officials and TFP focal points. The Bank's focal point on this Committee is the MAFO CPO.

1.3.4- In the railway sub-sector, and especially under its 2010-2015 investment programme and implementation of the Tangiers-Kenitra high speed rail link (LGV project), ONCF has organised several specific meetings with the main financial partners, including ADB, EIB, AFD and the EU. The exchanges following these meetings have confirmed the favourable attitude of the different partners towards the financing of such operations. The Bank's intervention in the financing of the present project is consistent with this context, and complements the LGV project (Tangiers-Kenitra) dedicated to passenger transport. This will help free up the existing conventional line and allowing for round the clock transport of freight from Tangiers to Casablanca. Since the LGV project is being implemented with financial support from the French Government, AFD, EIB, the EU and the Saudi Fund, the World Bank's intervention has also been sought for the Fez-Oujda Line Upgrading (Electrification) Project in 2011.

II. Project Description

This project is an integral part of the ONCF investment programme covered by the 2010-2015 performance contract signed between the Moroccan central government and ONCF. At an estimated total cost of MAD 12.8 billion, the programme comprises the following operations:

- Increase in the capacity of the Kenitra-Casablanca line in an amount of MAD 4,500 million;
- Upgrading of the Settat-Marrakesh line in an amount of MAD 600 million;
- Upgrading of the Fez-Oujda line in an amount of MAD 900 million;
- Upgrading of the Sidi Kacem-Tangiers line in an amount of MAD 500 million;
- Upgrading of stations in an amount of MAD 800 million.
- Setting up logistics hubs in amount of MAD 500 million;
- Upgrading of security installations in an amount of MAD 570 million;
- Procurement of rolling stock in an amount of MAD 1,000 million; and
- Rehabilitation of existing stock of equipment in an amount of MAD 1,000 million.

2.1- *Project Objectives and Components*

Project Objectives

2.1-1 The project is in line with the overall national transport sector development strategy, in particular, the continued upgrading and modernisation of transport infrastructure and services with a view to increasing the national economy's logistics competitiveness. More specifically, the project's objective is to meet goods and passenger traffic demand on the main Tangiers- Marrakesh railway line from 2016. Indeed, because of its central geographic position, the 126 km long double track Kenitra-Casablanca railway line is a key link for the development of exchanges between the north, south, east and west of the country. This line plays a key role in ONCF's freight and passenger activities, conveying almost 70% of freight flows (excluding phosphates) and almost 50% of the passenger population. Its current occupation rate exceeds 75%, well beyond the 60% threshold rate recommended by the UIC for track operating.

Tripling of the track will bring this rate down to between 30% and 60%, depending on the different sections of line. The Casablanca-Marrakech railway line constitutes a lasting solution for transport between Casablanca, the economic megalopolis and Marrakech the biggest tourist centre in the southern part of the country. Rail traffic on this line has increased to double digit figures in recent years due to the socio-economic, cultural and tourism buoyancy witnessed in these two urban centres. The partial doubling of this track will cut travel time by 37 minutes between Casablanca and Marrakech and increase the frequency of trains, generating considerable induced traffic to cater to the tourist movement towards Marrakech.

Project Objectives

2.1. 1- To achieve this objective, the project outputs consist in the components summarised in Table 2.1 below.

Table 2.1: Project Components (in million €)

No	Components	Total Cost excl. Taxes	Description of Sub-Components
1.	Kenitra-Casablanca Railway Line	386.62	Comprising: 1.2) strengthening works on existing lines; and 1.2) works for construction of a third line dedicated to freight.
1.1	Strengthening Work on Existing Lines	128.87	The strengthening work concerns: (i) replacement of track (Casa-Rabat), and catenaries (Ain Sbaa-Rabat); (ii) rehabilitation of the bridges and tunnels in Rabat city; (iii) improvement of security and safety on the section (crossing structures, fencing of rights-of-way, etc.); (iv) signalling and telecommunications; (v) track and catenary works; (vi) rehabilitation of small station buildings
1.2	Construction work on a 148 km third line for freight between Kenitra and Zenata	257.75	The construction of a third line consisting of track work: (i) tripling between Kenitra and Sidi Bouknadel (24 km); (ii) Rabat by-pass (40 km); (iii) tripling between Temara and Mohammedia (50 km); (iv) Mohammedia by-pass (12 km); (v) construction of a line between Zenata Station and Casa Roches Noires (20 km); (vi) construction of 20 passing tracks over 1.5 km; (vii) acquisition of right-of-way land as part of the Rabat and Mohammedia by-pass works; and (viii) management services relating to all the above-mentioned works and activities.
2.	Settat-Marrakech Railway Line	51.55	Also comprising: 2.1) upgrading of the existing line; and 2.2) partial doubling of 40km of track between the Skhour-Benguerir and Sidi Ghanem-Marrakech sections.
2.1	Line upgrading works	17.18	The upgrading works concern: (i) replacement of track (32 km) including the realignment of curves over 80 km of track superelevation; and (ii) catenary replacement over 140 km.
2.2	Partial doubling of 40 km of track	34.37	The partial doubling of track between Settat and Marrakesh concerns: (i) rail infrastructure and equipment works (track, catenaries and substation and signalling) on the Skhour-Benguerir and Sidi Ghanem-Marrakesh sections; (ii) acquisition of the necessary right-of-way land; and (iii) management services for the all works and activities of the 2 above-mentioned components.
	Total excluding taxes	438.17	

2.1. 2- As indicated in Table 2 above, the project outputs include the actual works relating to infrastructure and superstructure, supply of materials and equipment including their installation and commissioning, the acquisition of land for the purposes of the route connection works at the Rabat and Mohammedia bypasses and project management and monitoring services.

- Actual works: cover track laying (replacement and laying of new track) and civil works (earthwork for track formation, etc.) construction of bridges, footbridges and subways, fencing, station buildings and platforms and rehabilitation of the existing tunnel, etc.;
- Supply of materials, equipment including installation and commissioning: include services for catenaries, signalling and telecommunications works. Given the nature of these services (turnkey) and the fact that the cost of the supplies exceeds that of the installation works, they are classified under the ‘goods’ expenditure category.
- Land Acquisition: the track works (doubling and tripling for the Settat-Marrakesh line and Kenitra-Casablanca lines, respectively) are confined to and carried out on existing public railway rights-of-way, with the exception of the single track works for the by-passes which will be carried out in the existing land rights-of-way already acquired under the Rabat Motorway By-Pass Project and the TGV project. These last two projects are already being implemented and the documents for acquisition of this land for public purposes have already been finalised. However, residual land acquisition will be necessary as part of any track re-alignment for the partial doubling of tracks between Settat and Marrakech and the track connection works at the Kenitra, Rabat and Mohammedia bypasses. These lands are mostly state-owned reforestation land in the case of the Rabat bypass, and strips of agricultural land in the case of the dual track between Settat and Marrakesh. Thus, the project has allocated a budget of about MAD 212 million (18 million €) to clear these public lands. ONCF’s effective clearing of these rights-of-way and payment of the associated compensation constitute one condition for the start-up of the bypass/connection works for the third line for freight.
- Project Management and Monitoring: is related to the overall project steering, in particular the project ownership role and management services provided by the Project Department at ONCF’s Infrastructure and Traffic Directorate (PIC). In order to ensure technical compliance of the works with the rules, and in agreement with ONCF, it is planned to conduct technical audit of project implementation at mid-term and another on completion. Furthermore, the PIC Directorate will recruit a consulting firm to be responsible for the project’s environmental monitoring during the implementation phase.

2.1.4-The results chain for the improvements described in Table 2.1 above, in relation to the project objective and goal is as follows.

For the Kenitra-Casablanca line, the above-mentioned strengthening works (outputs) will strengthen the two existing tracks into secured reserved rail tracks (without level crossings) with appropriate signalling and telecommunications installations including rehabilitated stations. The works on the reserved track for the third track which is mainly dedicated to freight transport will increase the capacity of rail infrastructure over the entire line. In terms of operation, this will lead to a sharp reduction in the track occupation rates (over 75% at present to less than 60%) allowing to cope with the additional traffic flows, and translating into an increase in the daily frequency of trains, and reduced journey times on the entire line; ii) for the Casablanca-Marrakech line, the improvements (outputs) concerning upgrading (32 km of track replacement and 140km of catenary replacement completed, including the curve realignment works over 104 km) and partial doubling of the track between Settat and Marrakech (doubling of 40 km of track including 20 km between Sidi Ghanem-Marrakesh) will reinforce the infrastructure; in terms of operation, this will lead to a reduction in waiting times in stations and higher train frequency of as well as a gain of 37 minutes on the current journey time. The expected direct effects of these outputs including the impact indicators after commissioning of the project (refer to project logical framework) will bring about a significant improvement in train operating conditions on the main Tangiers-Kenitra railway line. In the medium to long-term, the project impacts will be reflected in an increase in rail transport supply on this main line, thereby contributing to an improvement in the logistics competitiveness of the national economy by: i) better rail service in the project area and different logistics zones being set up throughout the country; and ii) the generation of jobs related to the logistics activities.

2. 2- Technical Solutions Retained and Alternative Solutions Explored

2.2. 1- In 2008, ONCF initiated a study on the capacity of its rail network on the main Tangiers-Casablanca-Settat-Marrakesh railway line with a view to carrying out improvement works on the existing network in order to meet passenger and freight demand in 2015 and 2020. Several improvement scenarios were analysed. Of the three improvement scenarios A, B and C (refer to Table 2.2), scenario C corresponding to this project was finally retained on the grounds of optimisation of investment costs in relation to rail transport supply and to ONCF's strategy for implementation of its Priority Development Plan under the performance contract. Furthermore, this scenario retained offers the possibility of combination with the Casablanca-Mohammedia RER Project, recently retained by the Government to improve population mobility in the Casablanca urban area.

Table 2.2 : Alternative Solutions Explored and Reasons for their Rejection

<u>Scenario</u>	<u>Brief Description</u>		<u>Reason for Rejection</u>
	<u>By 2015</u>	<u>By 2020</u>	
<u>Scenario A</u> <u>Rejected</u>	Kenitra-Casa <ul style="list-style-type: none"> ▪ 3 tracks between Mohammedia and Kenitra ▪ 4 tracks between Mohammedia and Ain Sebaa* ▪ 4 tracks between Nouasser and Sidi El Aidi* ▪ LGV on 200 km between Kenitra-Tanger* ▪ Strengthening works on the Casa-Kenitra central rail link* Settat-Marrakesh <ul style="list-style-type: none"> ▪ Partial doubling (66 km) without speed increase 	<ul style="list-style-type: none"> ▪ LGV between Settat and Marrakesh 	<ul style="list-style-type: none"> ▪ High cost excl. TGV 2015: MAD 8,786 ▪ Unfavourable scenario because of mixed traffic on the line.
<u>Scenario B</u> <u>Rejected</u>	Scenario A including <ul style="list-style-type: none"> ▪ Speed increase between Casa and Rabat* ▪ 4 tracks (Temara-Rabat Agdal) ▪ Crossing of Rabat by block system improved to 3 mins. 	<ul style="list-style-type: none"> ▪ Scenario A ▪ Additional increase in speed between Settat and Fez 	<ul style="list-style-type: none"> ▪ High cost excl TGV 2015 : MAD 11,816 ▪ Constraint on the track (increase in commercial speed unfavourable to maintenance) – scenario not compensated by the advantages
<u>Scenario C</u>	Scenario A less (-) <ul style="list-style-type: none"> ▪ Partial doubling of 26 km between Setat and Marrakech, 	<ul style="list-style-type: none"> ▪ LGV between Kenitra and Casa instead of LGV between Settat and Marrakesh ▪ Complete doubling of the Settat-Marrakesh line 	Retained (optimised cost excl. TGV, 2015 : MAD 8,676 MAD and operating flexibility)

*Projects not financed by ADB

2.2. 2- The technical/economic feasibility studies and detailed designs of the retained scenario (C) have been examined in order to ensure the project's viability. The design of the improvements is compliant with the established standards and those laid down by UIC concerning railway works and equipment installation. The components of the scenario retained that are not part of the current project are financed by the ONCF and the Moroccan Government. Their execution is planned for the period 2010-2015.

2. 3- Project Type

2.3. 1- Like the previous Bank-financed operations in the railway sub-sector, this is an investment project concerning works for railway infrastructure, superstructure, and equipment installation. The proposed financing instrument is a project loan which will be awarded to ONCF as a borrower with the guarantee

of the Moroccan Government. The latter option was the preferred one by the Government which made it explicit in its financing request.

2.4- Project Cost and Financing Arrangements

Summary of Estimated Project Cost by Component

2.4. 1- The total estimated cost of this project excluding taxes is about MAD 5.1 billion (about EUR 438.2 million) broken down into a foreign exchange part of about MAD 3.5 billion (EUR 300 million) and a local currency part of MAD 1.6 billion equivalent to EUR 138 million. Provisions for physical and financial contingencies were estimated respectively at 10% and 5% of the basic project cost. These unit costs stem from similar projects recently undertaken or ongoing (partial replacement of the Rabat-Casablanca track, new line Taourit-Nador and Tanger Med project). Thus, the foreign exchange and local currency parts represent 68% and 32% respectively of the total project cost excluding taxes. Table 2.3 below gives a summary of the estimated tax-exclusive project cost, details of which are presented in Annex B1.

Table 2.3: Summary of Estimated Project Cost by Component

Component	million MAD			million EUR		
	F.E.	L.C.	Total	F.E.	L.C.	Total
1. Kenitra –Casa Railway Line						
1.1 Strengthening Works	639.13	665.22	1304.35	54.91	57.15	112.06
1.2 Track Tripling Works	2069.57	539.13	2608.70	177.81	46.32	224.13
Total 1.	2708.70	1204.35	3913.04	232.72	103.47	336.19
2. Settat-Marrakesh Railway Line						
2.1 Upgrading Works	86.96	86.96	173.91	7.47	7.47	14.94
2.2 Track Doubling Works	240.00	107.83	347.83	20.62	9.26	29.88
Total 2	326.96	194.78	521.74	28.09	16.73	44.83
Project Baseline Cost (1+2)	3035.65	1399.13	4434.78	260.81	120.21	381.01
Physical Contingencies	303.57	139.91	443.48	26.08	12.02	38.10
Financial Contingencies	151.78	69.96	221.74	13.04	6.01	19.05
Grand Total	3491.00	1609.00	5100.00	299.93	138.24	438.17
Percentage	68%	32%	100%	68%	32%	100%

Cost by Expenditure Category

2.4. 2- The cost summary by project expenditure and by component is presented in Tables 2.4 and 2.5 below. For the different expenditure categories financed by the Bank, the loan resources will be used to finance 100% of the costs of works and 100% of the cost of supplies.

Table 2.4: Summary of Project Cost by Expenditure Category (million €)

Expenditure Categories	F.E.	L.C.	Total
A. Works	207.06	51.63	258.69
B. Goods	92.87	80.24	173.12
C. Services	-	6.36	6.36
Total	299.93	138.23	438.17

Table 2.5: Summary of Cost by Bank-Financed Expenditure Category (M€)

Expenditure Category	Kenitra-Casablanca Line	Settat-Marrakech Line	Total
Works	188.15	18.90	207.06
Goods	79.47	13.40	92.87
Total	267.63	32.30	299.93

Project Sources of Finance

2.4. 3- The Bank's financing covers the foreign exchange costs and amounts to EUR 300 million, i.e. 68% of the total cost excluding taxes. The balance of the project cost (32%), i.e. an amount equivalent to EUR 138.2 million is borne by ONCF. The criteria for determining expenses eligible for financing by the Bank used to justify the level of counterpart financing are detailed in technical annex B1.

Table 2.6: Financing Plan by Component (million €)

Component	Sources of Finance		
	ADB	ONCF	Total
1. Kenitra –Casa Railway Line	267.63	118.99	386.62
2. Settat-Marrakesh Railway Line	32.30	19.24	51.55
Grand Total	299.93	138.24	438.17
Percentage	68%	32%	100%

Expenditure Schedule

2.4. 4- Table 2.7 below presents the project disbursement schedule. The disbursement schedule by component is presented in Technical Annex B.1.

Table 2.7: Disbursement Schedule (million €)

Source of Finance	Years					Total
	2011	2012	2013	2014	2015	
ADB	29.99	59.99	89.98	59.99	59.99	299.93
ONCF	13.82	27.65	41.47	27.65	27.65	138.24
TOTAL	43.82	87.63	131.45	87.63	87.63	438.17

2. 5- Project Target Area and Beneficiaries

Project Impact Areas

2.5. 1- The project area has an estimated population of over 8.6 million corresponding to over 28% of the country's population with a very high urbanisation rate in the regions of Greater Casablanca (92%) and Rabat-Salé-Zemmour-Zaer (83%) and average rates for Gharb, Cherarda Beni Hssen (44%) and Marrakech-Tensif-Al Houaz (41%). The average activity rate for the area identified is about 48%. Economic activity is dominated by industry (3500 establishments, i.e. over 40% of the country's industrial units) and tertiary services. The industry sector provides permanent employment for 250,000 people, accounting for half of the country's permanent jobs and generating a turnover of about MAD 150 billion, representing 50% of the national turnover. By sector, the chemical and pharmaceutical sector is ranked first with estimated production of MAD 62 billion. Tourism activity has also developed significantly in Casablanca and Marrakech with hotel nights of 1400 and 6200 thousand, respectively. The Chaouia-Ouardigha and Marrakech-Tensif-Al Haouz regions have significant resources: 20% of the country's livestock, 5% of its forests and 2.5% of its phosphate resources. Further north, agriculture is the main activity of the Gharb region, considered as the main bee farming region in Morocco because of its favourable weather conditions coupled with the presence of abundant, diversified plant life.

Beneficiaries Targeted by the Project

2.5. 2- Because of the project's developmental nature and repercussions, its beneficiaries are the inhabitants living in its direct impact area as well as the rest of the country's population. The unemployment rate recorded among this population is relatively high in the Great Casablanca zone (14%), relative to the Rabat-Sale-Zemmour zaer (13%), Gharb, Cherarda Beni Hssen (10%), Chaouia-Ouardigha (6,2%) and in the Marrakech-Tensif-Al Houaz (5,9%) region. Indeed, its implementation will improve the mobility of the population and goods in general in the project area and, in particular, facilitate the transport of freight generated by the Tanger Med port..

2.5. 3- Consequently, due to improved conditions of security and safety and time savings on the different sections, annual passenger traffic on the line will rise from 16 million in 2010 to almost 23.5 million from 2016, i.e. a 7.5 million increase in passenger traffic. This increase in mobility will benefit all segments of the population of the PIA, especially for access to health, education and administration establishments. The project will have a highly beneficial impact on the lives of these unemployed persons, for its implementation will lead to the creation of many jobs in the construction and operating phases, valued at MAD 1,912 million. These will stem from the new opportunities in artisanal activities and tourism services as a result of the increase in services to the tourism centres (Marrakesh, Casablanca, Kenitra), and in freight transport trades and related logistics activities through the ongoing programme for the establishment of logistics zones. It will also produce exogenous benefits (road security, air pollution, greenhouse gas effect, road maintenance savings, etc...).

2. 6- Participatory Approach for Project Identification, Design and Implementation

2.6.1- Following adoption of its 2010-2015 performance contract, ONCF organised information and sensitisation seminars on its investment programme in which the civil society representatives, locally elected representatives, officials of the Administration, the General Confederation of Enterprises in Morocco (CGEM), NGOs and other associations took part. Following these consultations, the civil populations and locally elected representatives expressed their support for the project and confirmed their willingness to facilitate its implementation. They also sought the simultaneous implementation of the Casablanca RER project for the Kenitra-Casablanca line as well as the complete track doubling of the

Settat-Marrakesh section of the Casablanca-Marrakesh line. This doubling will thus allow the operation of fast urban trains (TNR) running Benguerir and Sidi Ghanem. Due to the fact that these projects are not included in the ONCF PC for the 2010-2015 period and the fact that the MET, the ONCF oversight body, has no jurisdiction in respect of urban transport, the Ministry of Interior and Local Administrations has decided to seek the necessary sources of finance in the form of PPPs. ONCF could be a partner in the implementation of these projects. These different meetings were complemented by opinion surveys in 2010 of users, ONCF personnel and transport professionals. They revealed that the general opinion was favourable to implementation of all the project components. Furthermore, satisfaction surveys on users of services show that the quality of ONCF services was highly appreciated. Also, before and during the appraisal mission, the Bank assured itself of the support of all the stakeholders, both public and private sector. MAFO had already met during the project preparation process with the management of CGEM, who expressed their satisfaction regarding implementation of the project since it will contribute to the development of logistics hubs, whose activities should lead to the creation of future private sector jobs.

2. 7- Consideration of Bank Group's Experience and Lessons Learned for Project Design

2.7. 1- Since the start of its operations in Morocco in 1973, the Bank has approved 112 operations for total commitments of UA 4.71 billion. Eleven (11) of these operations are in the transport sector for total commitments of UA 900.1 million, i.e. 19% of total Bank commitments. As at 31 October 2010, total net active commitments stood at UA 1,535.57 million. Of these total commitments, loans totalled UA 1,532.1 million, i.e. an average amount per project and/or programme of about UA 76.78 million. Grants financed from the MIC Fund and AWF totalled UA 3.47 million. The Bank's active portfolio contains 20 operations comprising 15 projects and programmes, 4 technical assistance studies on the Middle-Income Country (MIC) Funds and 1 grant from the African Water Facility (AWF). Regarding the portfolio's sector distribution, the sectors of focus are water and sanitation (26%), transport (23%) and energy, followed by the social sector (9%) and the public reforms or multi-sector (16%). This configuration reflects the strong concentration of Bank operations in water and sanitation, transport, energy and social infrastructure. Infrastructure represents 84% of the Bank's commitments in Morocco. The Bank's current active portfolio in the transport sector is given in Appendix III in annex and its status is summarized in the following table.

Overall, the quality of the active portfolio of transport sector operations is high, with an average age of 3 years. Implementation of the Marrakesh-Agadir Motorway and the National Rural Roads Programme –II (PNRR2) is sufficiently advanced with respective disbursement rates of 67.4% and 80.5% and its projects completed within the deadlines for closure of the respective loan agreements. It should be mentioned that, in the context of the implementation of the motorway project, the Bank received a complaint from one of the NGOs regarding the negative impacts of the works on some persons living in the vicinity of the structure. The action plan stemming from the Bank's mediation is being implemented. Start-up of the 3rd Airport Project, for its part, has been affected by cyclical difficulties related to a change in management of the Executing Agency that have delayed the signing of the first contracts approved. At present, the first loan disbursements including bidding documents are being processed at the Bank. However, MAFO has been experiencing increasing difficulties in processing project procurement documents since the resignation of the procurement assistant in 2010.

2.7. 2- In the rail sub-sector, over the 1998-2008 period, the Bank co-financed with the World Bank the Railway Rehabilitation Project which was completed in 2006. The Completion Report prepared in 2007 rated implementation of this last project as satisfactory. The outputs provided the Company with increased operational capacity and a streamlined technical and financial organizational structure. Among the principal lessons learned from implementation of this project, it is noted that : (i) there is a need to maintain an appropriate pace of supervision and monitoring missions throughout the project's implementation; and (ii) the Bank should display greater flexibility for the changes and adjustments

justified during project implementation and aimed at strengthening the initially defined technical objectives.

2.7. 3- This project represents continuous actions to further strengthen ONCF's operational capacity on the main Tangiers-Marrakech railway line which occupies a key position in its commercial activities since almost 50% and 70% respectively of freight and passenger flows pass through this line. This project has incorporated in its design and implementation the relevant lessons and recommendations learned from implementation of previous and ongoing transport sector project. Indeed, the components designed also stem from the findings of the capacity study conducted for the rail network up to 2015 and 2020, and substantive changes or adjustments are not expected to be necessary during implementation. Moreover, the presence of the MAFO task manager is an asset to ensure close supervision of the project. In addition to the management and supervision, there will be a technical and financial audit of outputs at mid-term and on completion and environmental monitoring of the implementation of the ESMP to be carried out by a consulting firm specifically recruited for the purpose. ONCF has demonstrated its outstanding project ownership and management experience in recent projects financed from its own funds with local banks, in particular, construction of the new Tanger Med and Nador –Taourit lines.

2. 8- Key Performance Indicators

The performance indicators identified and expected outcomes at project completion are those appearing in the results-based logical framework, namely: i) in the implementation phase, for the Kenitra-Casablanca line, the strengthening and/or upgrading need of the two conventional tracks and construction of the third line dedicated to freight and for the Settat-Marrakesh line, upgrading of the existing line including partial doubling of the track ii) in the operational period starting in 2016, the track occupation rates and commercial speeds generated by the investments made and passenger and goods traffic flows reflected in the frequency of trains and journey times; and iii) in the medium-to long-term, the share of rail transport in the transport of freight to the different ports served and in passenger transport. These quantified indicators will be verified by the data collected by the Finance Directorate, which is responsible for that, from the technical and Commercial Directorates concerned (PIC Directorates, Goods, Freight and Passengers) will be published in ONCF's periodic and annual reports. The company has proven experience in data collection and is well equipped for the task. Statistical reports and other reference documents will be made available in liaison with MAFO and during Bank missions.

III. Project Feasibility

3. 1 Economic and Financial Performance

Analysis of ONCF's Accounts

3.1. 1- The impact of the international economic crisis which marked 2009 has seriously affected the Company's financial results, especially goods transport receipts which were MAD 1,425.3 million in 2009 compared with MAD 1,728.5 million in 2008, i.e. a drop of MAD 303 million (-17,5%). This drop was mainly due to a decline in the traffic of phosphates and derived products (chemical industries OCP - Office Chérifien des Phosphates (National Moroccan Phosphates Company) which experienced a 14.7% drop in volume. The operating result for 2009 was MAD 229 million compared with 730 million in 2008, i.e. a fall of MAD 501 million.

3.1. 2- ONCF's accounts are regularly audited by independent auditing firms which have not raised any significant points. The Company's 2009 net income excluding Tanger Med, Taourirt Nador and the Retirement Fund, whose costs are reimbursed by the central government, was –MAD 3million compared

with + MAD 78 million in 2008. This result was obtained despite the impact of the crisis and also the , 20% increase in operating costs , primarily reflecting the increase in depreciation costs and debt service charges relating to the Company’s exceptional investment programme, which also affected the Company’s results.

3.1. 3- Despite these results related to the economic situation, the self-financing capacity remains sound. It was about MAD 723 million in 2009 rising to MAD 654 million in 2010 to reach MAD 2.15 billion in 2020, i.e. a total cumulative amount of over MAD 10.4 billion for the period. This will enable ONCF to meet the requirements of its exceptional investment programme. Cash flow, which was negative in 2009, will also follow an upward trend from MAD 527 million in 2010 to MAD 1.22 billion in 2020. The debt service coverage ratio is satisfactory at almost 220% in 2009 and 159% in 2020.

3.1. 4- Furthermore, central government continues to inject supplementary funds in the form of capital provisions in compliance with the Performance Contract signed between ONCF and the Moroccan central government for the 2010-2015 period. This contract stipulates, among other provisions, that the central government will cover ONCF’s debt service payments for the anchor projects, in particular, the Tanger Med and Taourirt-Nador project, through annual capital provisioning in favour of ONCF. It will also, through the same plan, cover the debt service charges related to outsourcing of the Staff Pension Fund, whose management ONCF decided to entrust to a specialist agency in 2002. It should be noted that the Fund’s internal management found itself in a chronic deficit since 1992. The cost of this outsourcing, of an amount of MAD 5,9 billions, has been entirely borne by the central government under performance contracts. Details of the analysis of the Company’s accounts and outsourcing of the Pension Fund are presented in Annex B4.

Economic Performance

3.1. 5- The economic assessment of the project is based on a socio-economic balance sheet which measures the project impacts in terms of costs and quantified monetary benefits for the collectivity. The economic performance indicator retained is the economic internal rate of return (EIRR) calculated for the entire project on the basis of the cost/benefit analysis in the ‘without’ and ‘with’ project situations over a thirty year period from the year of the first investment. An 8% discount rate was used and a residual value of 44% taking into consideration infrastructure and equipment which has not yet reached the end of its useful life at the end of the balance sheet calculation period (30 years). The following data are taken into consideration: (i) investment costs excluding taxes, related to works and physical contingencies, i.e. MAD 4.844billion ; and (ii) project-related operating costs, iii) quantifiable benefits comprising revenue generated by additional passenger and freight traffic, project-related time savings as well as other exogenous benefits, reduction in environmental nuisances (improved road security, reduction in air pollution and greenhouse gas emissions etc.) and savings made following the modal transfer from road to rail. Table 3.1 below presents a summary of the economic analysis, details of which are presented in Technical Annex B4. The EIRR obtained is 16.55% and is higher than the opportunity cost of 8%, thereby justifying the project’s economic relevance.

Table 3.1: Summary of Economic Analysis (baseline scenario)

Project Economic Rate of Return (EIRR) in %	16.55%
Net Present Value (NPV) in million Dirham’s	4 612
EIRR Sensitivity (Combination of a 10% increase in costs and 10% reduction in benefits)	1 3.42%
Net Present Value (NPV) in million Dirhams	2 833

Financial Performance

3.1. 6- The financial internal rate of return (FIRR) is the baseline indicator selected to assess the project's financial performance. This rate is determined on the basis of the investment cost at current prices (MAD 5.1 billion) and the revenues generated by the project (passengers and freight). Assuming a real discount rate of 8%, the Net Present Value (NPV) amounts to MAD 1.1 billion. The FIRR has been determined to be 10.2% for the 2010-2040 period. An analysis of ONCF's financial projections was conducted in parallel. The results of the economic and financial analysis (baseline scenario) contained in Table 3.2 below show that the project is economically and financially justified. Details of the calculation are presented in Technical Annex B 4.

Table 3.2: Summary of Financial Analysis (baseline scenario)

Financial Rate of Return (FIRR)	10.2%
Net Present Value (NPV)	MAD 1.1 billion

3.1. 7- Despite an unprecedented level of investment in ONCF's history, and the associated indebtedness, ONCF's financial situation remains solid for the period under consideration. This situation is characterised by; i) a strong auto-financing capacity, ii) an improving working capital year on year, iii) an improving treasury despite a sustained level of disbursements related to investments and to the debt service repayments, iv) a comfortable indebtedness ratio, and v) a decent debt service coverage ratio. The evolution of these indicators is shown in the table below.

INDICATOR	2009	2010	2015	2016	2020
Auto-financing capacity	-	654 Mo MAD	-	-	10,4 GMAD
Working Capital	-	366 Mo MAD	-	-	2,4 GMAD
Treasury	- 172 Mo MAD				1,22 GMAD
Indebtedness Ratio	-	-	53%	-	44%
Debt Service Coverage Ratio	-	-	-	121%	159%

3.2 Environmental and Social Impact

3.2. 1- **Environment:** The project is classified in Category 2 since it does not affect the protected nature reserve and should not have any direct or indirect negative impacts in sensitive areas. The works will be confined to existing public rail land as well as the common corridor reserved for the motorway and rail by-pass in the Revised Urban Development Master Plans for Rabat and Greater Casablanca (case of Mohammedia). 50 ha of land remain to be acquired. The main negative impacts expected are the management of waste generated by the planned activities as well as the risk of Wadi pollution. ONCF has initiated the ISO14001 certification process to allow strict management of the aforementioned aspects. ONCF is also committed to using clean and renewable energy without greenhouse gas emissions and the project will prevent the emission of 6.5 million tonnes of GHG. There are significant positive impacts and the mitigative measures targeting the adverse impacts identified are adequate. A full ESMP is available covering these aspects. The document submitted by ONCF is the interim ESIA, prepared in 2010.

3.2. 2- **Positive Impacts :** The positive impacts relate to: (i) improved security by the construction of footbridges, subways and fencing of the rights-of-way; (ii) mitigation of flooding by treating floodable

areas, (iii) the creation of new opportunities in the freight transport sector and trades through the ongoing programme to establish logistics zones (iv) facilitation of access to health, education and administration establishments (v) generation of new sources of income in favour of the vulnerable segments of society; and (vi) the creation of about 1200 temporary jobs throughout the project.

3.2. 3- **Negative Impacts:** The main expected negative impacts are site nuisance, the production of waste (liquid and solid) and risks of rivers and groundwater pollution. They are considered minor and may be mitigated by appropriate site organisation and by the implementation of environmental measures to be included in the contractors' specifications.

3.2. 4- **Negative Impact Mitigation Measures :** The planned mitigation measures concern the mainstreaming of good environmental practices for contractors, in particular, civil engineering measures, management of oil and gas storage depots and materials, regulation of traffic, solid and liquid waste management, site restoration and the dismantling of temporary installations on works completion, planting vegetation on the rights-of-way, ensuring the security of those living in the vicinity, maintenance of improved tracks, dependencies and rolling stock.

3.2. 5- **Climate Change :** Rail transport plays a dominant role in the development of means of transport with low greenhouse gas emissions (GHG) and this project aims to be one of the flagship projects in Africa. The project thus aims to transfer a high proportion of goods traffic from the road to the rail network, thereby contributing to the prevention of an estimated 6.5 million tonnes of Co2 emissions during the project's life, compared to the "without" project situation which consists in continuing to use the road network to transport goods. It is, moreover, estimated that 220 Gigawatts (GW) of energy required for the operation of this rail network will be generated by two wind farms, representing a renewable source of energy without GHG emissions. Consequently, this rail project will contribute to a reduction in GHG emissions in the transport sector and, also, by opting for a supply source based on renewable energies, to boosting use of the latter, thereby contributing to a reduction in GHG in the energy sector. The use of rail transport as a means of transport with low carbon emissions for the transportation of goods and persons is among the solutions retained to mitigate the negative impacts generated by the transport sector on the environment and climate change. This project is fully line with the logic of environmental sustainability adopted by the Moroccan Authorities and will contribute to positioning rail transport as the preferred mode of transport for passengers and goods in Morocco and in the region, as well as promotion of the use of renewable energy sources that do not emit GHG in the traditionally polluting transport sector.

3.2. 6- **Gender :** The project provides considerable opportunities for an effective contribution to promote equality between men and women (EMW) in the target areas regarding involvement in economic life. Indeed these areas contain a high proportion of the country's industrial (40% of national activity), tourism and service activities traditionally known for the use of female labour such as the agro-food sector. The permanent availability of means of transport will enable women to seize the opportunities created by the new projects in the tourism and industry sectors or with regard to creation of their own income-generating activities (IGA) in synergy with other programmes (e.g. the National Human Development Initiative – NHDI –). This will contribute to increasing the female labour force and thereby reduce disparities in economic activity. Currently, of the total workforce in the area, 70.1% are men and only 29.9% women (with a target of 40% in 2030). In addition, and in order to comply with the Moroccan Government's strategic directions and the Bank's guidelines, the project will adopt a gender-based approach to ensure that the needs and interests of the different groups are taken into consideration during the project implementation phase and beyond.

3.2. 7- **Social** : The project will be welcomed by the inhabitants of the beneficiary areas because of the expected social and economic impacts. They are summarized as follows: i) increased frequencies, speed and destinations will significantly improve mobility and the accessibility to socio-economic infrastructure and the different activity centres served; ii) improved security by the construction of footbridges, subways and fencing of rights-of-way iii) mitigation of the risks of flooding by treating floodable areas, iv) creation of new opportunities in the freight transport sectors and trades through the ongoing programme to establish logistics zones and v) stepping up of services to tourist destinations (Marrakech, Casablanca, Rabat) and consequently the promotion of artisanal and service activities, very closely related to tourism.

3.2. 8- Furthermore, the Company has entrusted an independent European rating agency to conduct an audit aimed at assessing its level of managerial commitment with regard to social responsibility in the following priority areas : Human Rights at Work and in Society, Human Resources, Environmental Protection, Customer Relations, Corporate Governance and finally the societal commitment of the Company. The main conclusion of this mission to assess trends was that there is a reasonable level of control over the managerial risks associated with the objectives of social responsibility on the part of ONCF in areas relating to human resources and human rights, corporate governance and customer and supplier relations.

3.2. 9- **Forced Resettlement**: As mentioned in Section 3.2.1, the works are confined to the existing public railway land as well as the corridor reserved for the Rabat and Mohammedia motorway and rail by-pass. The land utilization Plan stemming from the Rabat Salé SDAU (Urban Development Master Plan) reserves a common corridor (infrastructure and appurtenances) on the motorway and rail bypass. The small area of agricultural land required for the connections to this corridor will not lead to any loss of activity, but constitute a minor loss for which 50 ha of land with minimal agricultural value remain to be acquired, as well as three structures for use as houses. Some precarious housing near the rights-of way is being relocated under the precarious housing eradication programme similar to what was done for the inhabitants of Mohammedia whose populations were all rehoused in modern units.

IV. Implementation

4.1 Implementation Arrangements

4.1. 1- Executing Agency: The project's implementation will be steered by the Infrastructure and Traffic (PIC) Directorate of ONCF which is both the project owner and manager. This Directorate is appropriately organised and has qualified and experienced staff to perform this function through its different services, in particular, the Projects Department, the Procurement and Management Department and the Engineering Directorate for project supervision. Project management activities on the ground are carried out by the project manager who also has competent services with the necessary resources available to fulfill the required duties. These arrangements have proved their worth in the implementation of recently completed projects, in particular the construction of the Tanger Med and Nador-Taourit lines. Technical Annex B7 presents the organisation chart of the project's management as well as the roles of the different actors in project management and monitoring..

4.1. 2- Procurement: All the works and goods financed from the Bank's loan resources will be procured in compliance with the Bank's rules using Bank standard bidding documents. A total of fifteen (15) bids will be launched through international and competitive bidding for works and the supply of equipment. National competitive bidding will be used for the rehabilitation of small stations.

4.1. 3- Procurement Plan – An indicative procurement plan has been prepared, especially for the initial 18 months of project implementation. This plan to be posted on the Bank website is presented in Annex

B.3 and should be updated annually by ONCF and submitted to the Bank for monitoring of its implementation.

4.1. 4- General Procurement Notice – the text of a General Procurement Notice (GPN) will be published in the United Nations Development Business and posted on the Bank’s website after its approval. This publication will be only after approval by the Bank’s Board of Directors of the loan and guarantee proposal.

4.1. 5- Disbursement Arrangements: ONCF’s Finance Directorate will be responsible for the Project’s financial management. Disbursement requests will be prepared by the financial managers of this Directorate in compliance with disbursement manual. ONCF has opted for the direct payment method for works and goods and reimbursement for some types of equipment.

4.1. 6- Project Accounting and Audit - ONCF has ISO 9001 certification in management. However, its system should be adapted for the project’s financial management, particularly through: (i.) parametering of the software to obtain specific project accounting documents, (ii.) preparation of a project administrative, financial and accounting procedures handbook, (iii.) specific training for the project’s accounting and financial staff; and (iv) recruitment of an external audit firm to conduct an annual audit of the project accounts. The project accounts will be maintained separately and extracted from ONCF’s general accounting in order to facilitate monitoring of expenditure by component, expenditure category and source of finance. These accounts will be audited annually by an independent audit firm. The audit reports will be submitted to the Bank within six months of the closure of each accounting period, in compliance with the General Provisions applicable to the Loan Agreements and Guarantee Agreements of the Bank. Details of the assessment of ONCF’s and the project executing agency’s financial management systems are presented in Annex B2.

4.2 *Project Activity Monitoring*

The project implementation schedule is presented on page (vii) of this report. In particular, it takes into consideration the relevant experience of the Executing Agency in managing works implementation deadlines and procurement of track materials and other railway equipment and that of the Bank in processing previous similar projects. According to the established projections, the project activities will start up as soon as the loan is approved in December 2010 and be completed end 2015 for all components. At Bank level, the activities planned before and after approval will be monitored in compliance with the following indicative schedule.

Table 4.1: Indicative Project Implementation Monitoring Schedule

Period	Milestones	Monitoring/Feedback Loop Activities
Dec. 2010	General Procurement Notice	Publication of General Procurement Notice in UNDB (Bank)
Feb. 2011	Signing of Loan and Guarantee Agreements	Letter of Invitation to the Borrower and Guarantor (Bank)
March 2011	Loan Effectiveness	Fulfilment of effectiveness conditions (ONCF)
March 2011- June 2012	Launching of bids for works, supplies and installations for the different project components contained in the prepared procurement plan	Bank approval of BD; issue of invitations to bid and bid evaluation and award of contracts.
2011-2015	Implementation of works and installation of equipment	Works monitoring and control and verification of equipment compliance by ONCF

2011-2016	Project supervision and mid-term review	Monitoring conduct of project supervision missions; at least 1.50 missions/year (Bank)
Dec. 2016	Project completion and preparation of completion report.	Joint preparation of completion report (Bank and ONCF)

4.3 Governance

For several years, Morocco has embarked upon deep judicial, institutional and economic reforms which now make it one of the most promising countries internationally. However, despite this dynamic context and the progress made, poverty and social and territorial inequalities remain very deep rooted in Morocco. With regard to the transport sector and rail subsector, it should be noted that no complaints have been recorded from bidders following the process for the procurement of goods, works and services under previous Bank-financed projects. The supervision and audit reports did not mention any particular irregularities. Concerning Morocco, the control system set up (Bid Opening and Evaluation Commission, Sate Comptroller) has not raised any apparent irregularities in the award and management of contracts. For this project, the control and audit system usually used by the Bank will remain proactive for the duration of the project. This entails procedures for the procurement of goods, works and services, review of bidding documents, supervision missions, and procedures for disbursement and the external audit of project accounts. Furthermore, with regard to works and installation of equipment which often involve turnkey contracts, the Bank and ONCF have agreed to conduct a review of implementation at mid-term and upon completion, a technical and financial audit of the equipment procured and installed, in order to ensure its quality and operation in compliance with the rules.

4.4 Sustainability

Following the restructuring for rationalization, maintenance and servicing operations for infrastructure and installations were outsourced. There are three levels of operations: level 1 (current maintenance); level 2 – Small-scale maintenance (rehabilitation, partial replacement/major operation) and level 3 small– and large scale maintenance (complete replacement and major operations). The programme is determined in advance and its financing entered in the annual current maintenance operating budget, in the investment budget for rehabilitation of installations (level 2) and in the five-year budget for complete renewals. The operations monitoring and management services are provided according to the level of complexity, by internal resources at regional or central levels. On the basis of ONCF’s maintenance programmes, the cost of track and catenary maintenance are MAD 50,000/km for the traditional Settat-Marrakesh track, MAD 30,000 for the continuous welded rail (CWR) from Kenitra to Casablanca and MAD 20,000*k, for the catenaries. The project outputs will ensure that these current unit maintenance costs will be reduced on average by 40% to MAD 8,000/km for tracks and MAD 12,000/km for catenaries. This reduction represents a de facto saving on the ONCF’s Annual Operating Budget.

4.5 Risk Management:

4.5. 1- The main risks identified likely to prevent project implementation within the stipulated timeframe and achievement of the set objectives concern: (i) delay in clearing rights-of way on expropriated land especially for the connection works on the third line dedicated to freight at the level of the Rabat and Mohammedia bypasses; and (ii) ONCF’s deteriorating financial situation as a result of the fall in revenue from phosphate transport which represents almost half the turnover.

4.5. 2- Concerning the first risk relating to the clearing of rights-of way, at the time of the DDs for the track tripling works, the right-of-way appraisals carried out indicated that the land areas to be expropriated are minor (50ha), being made up of agricultural land without much value, and do not entail a loss of activities for the occupants concerned. Only three structures were maintained for use as houses.

The other precarious housing near the rights of way appraised is being relocated under the precarious housing eradication programme, like those in Mohammedia whose occupants have all been rehoused in modern social units. In any event, ONCF's undertaking to clear the land rights-of-way for the works to connect the route of the freight track dedicated at the Rabat and Mohammedia by-passes and proceed with the necessary compensation is a condition for the startup of these works.

4.5. 3- Regarding the risk posed by ONCF's worsening financial situation following a reduction in revenue from phosphate transport, the Company has decided to adopt two series of measures: a) safeguarding of its interests: compensation mechanisms will be established so as not to jeopardize ONCFs' financial balances. These mechanisms were introduced in the 2010-2015 performance contract signed with Morocco's central government which contains a special clause to that effect; b) the substitution measure which, for ONCF, consists of diversifying its sources of revenue by adopting measures aimed at integrating the national logistics development strategy in sectors such as cereals and oil products and in particular: (i) the construction of grain silos in stations; (ii) the construction of distribution depots connected to the main consumption centres; and (iii) development of the role of logistics integrator for freight in Morocco. In any event, the ONCF loan is subject to a Moroccan central government guarantee.

4.6 Knowledge Building

The establishment of key impact indicators prior to project start-up and the impact assessment on project completion will allow the production of useful information on this project's outcomes and effects. The logistics competitiveness and the sustainable mobility of the population being priority orientations of the new national transport strategy, the impacts generated by the project will constitute a set of critical data which will allow to evaluate the linkages between these axis on one hand, and trade and rural transport on the other. This knowledge will be generated from the database at the level of the ONCF Financial Directorate, and will be disseminated in the annual reports and on the Banks' website.

V. Legal Framework

5.1 Legal Instrument

As for previous similar projects, the financing instrument retained is a project loan to be awarded to ONCF in its capacity as a Borrower with the guarantee of the Moroccan central government.

5.2 Conditions for the Bank's Intervention

Award of the ONCF loan is subject to the following conditions:

A. Conditions Precedent to Loan Effectiveness

Effectiveness of the Loan Agreement will be subject to fulfilment by the Borrower of the conditions stipulated in Section 1.2.01 of the General Conditions applicable to Loan Agreements and Grant Agreements.

B. Other Conditions

- Prior to start-up of the track doubling and tripling works, pay the necessary compensation in order to clear the railway rights-of-way (paragraphs 2.1.4 and 4.5.2) ;

5.3 Compliance with Bank Policies

This project is compliant with all the Bank's applicable policies in particular the Transport Sector Policy, the Environmental and Social Policy, the Rules of Procedure for procurement of goods and services, the CSP for Morocco for the 2007-2011 period as revised in 2009, the ADB Group's Involuntary Resettlement Policy and the Disbursement Handbook.

VI. Recommendations

Management recommends that the Board of Directors approve the proposal for a loan of EUR 300 to the National Railway Company (ONCF) with the State's guarantee and under the conditions stipulated in this report.

Appendix I: Map of Rail Network and Project Area



Appendix II.: Country's Comparative Socio-Economic Indicators

Maroc - Indicateurs de développement				
Indicateurs sociaux	Maroc		Afrique	Pays en développement
	1990	2009 *		
Superficie (000 Km ²)	711		30,323	80,976
Population totale (millions)	24.8	32.0	1,008.4	5,628.5
Croissance annuelle de la population (%)	1.9	1.2	2.3	1.3
Espérance de vie à la naissance -Total (années)	64.1	71.6	55.7	66.9
Taux de mortalité infantile (pour 1000)	64.6	28.8	80.0	49.9
Nombre de médecins (pour 100000 habitants)	...	55.6	42.9	78.0
Naissances assistées par un personnel de santé qualifié (%)	...	62.6	50.5	63.4
Taux de vac. contre rougeole (% d'enfants de 12-23 mois)	79.0	95.0	74.0	81.7
Taux de scolarisation au primaire (% brut)	66.9	106.9	100.2	106.8
Ratio Filles/Garçons au primaire (%)	68.7	90.5	90.9	100.0
Taux d'analphabétisme (% de la population >15 ans)	...	55.6
Accès à l'eau salubre (% de la population)	75.0	83.0	64.0	84.0
Accès aux services sanitaires (% de la population)	52.0	72.0	38.5	54.6
Valeur de l'IDH (Rang sur 182 pays)	...	130.0	n.a	n.a
Indice de pauvreté humaine (IPH-1) (% de la Population)	...	31.8	3.4	...
Maroc				
Indicateurs macroéconomiques	2000	2007	2008	2009
RNB par habitant, méthode Atlas (\$ courant)	1 340	2 290	2 580	...
PIB (Million de dollars courant)	37 060	75 223	88 879	95 732
Croissance du PIB réel (% annuel)	1.8	2.7	5.6	5.0
Croissance du PIB réel par habitant (% annuel)	0.6	1.5	4.3	3.7
Investissement intérieur brut (% du PIB)	25.5	32.5	36.3	36.8
Inflation (% annuel)	1.9	2.2	3.9	1.0
Solde budgétaire (% du PIB)	-5.5	0.2	0.4	-2.9
Commerce, Dette extérieure & Flux financiers	2000	2007	2008	2009
Variation en volume des exportations (%)	3.3	11.8	2.4	-15.3
Variation en volume des importations (%)	3.6	18.7	12.4	-6.3
Variation des termes de l'échange	-7.4	-6.8	9.7	-8.7
Balance commerciale (Million de dollars E.U.)	-3234.0	-16572.9	-21604.0	-25545.7
Balance commerciale (% du PIB)	-8.7	-22.0	-24.3	-26.7
Solde des comptes courants (Million de dollars E.U.)	-476.0	-2564.8	-4311.4	-6021.2
Solde des comptes courants (% du PIB)	-1.3	-3.4	-4.9	-6.3
Service de la dette (% des exportations)	32.4	9.9	7.9	8.1
Dette extérieure totale (% du PIB)	48.6	23.7	20.6	20.7
Flux financiers nets totaux (Million de dollars E.U.)	600.8	2854.4	3206.7	...
Aide publique au développement nette (Mn de dollars E.U.)	418.8	1072.7	1216.9	...
Investissements nets directs (Million de dollars E.U.)	422.2	2803.5	2387.5	...
Réserves internationales (mois d'importations)	3.6	5.3	3.8	4.8
Développement du secteur privé et infrastructures	2000	2007	2008	2009
Temps requis pour démarrer une affaire (jours)	...	12	12	12
Indice de protection des investisseurs (0-10)	...	3.0	3.0	3.0
Abonnés aux téléphones fixes (pour 1000 hab.)	49.4	76.7	94.6	...
Utilisateurs d'internet (pour 1000 hab.)	81.2	641.5	721.9	...
Routes asphaltées (% du total des routes)	56.4
Ferroviaire, Marchandises transportées (million ton-km)	4576.0

Source: Département de la statistique de la BAD, à partir de sources nationales et internationales.

* Année la plus récente.

Dernière mise à jour : mai 2010

Appendice III: Portefeuille des opérations en cours d'exécution au 29 octobre 2010

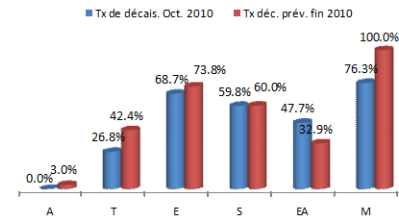
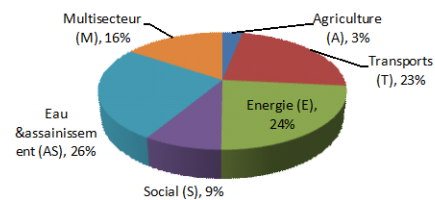
Nom- bre	Nom du Projet	Date d'approbation	Date de signature	Date de mise en vigueur	Date de clôture	Age du projet (an)	délai de mise en vigueur (mois)	Monnaie du prêt	Montant approuvé		Décaissement cumulé	Annulation	Montant non décaissé	Taux de décaissements cumulés (en %)		Part dans le portef
									en Unités de compte	en monnaie du prêt				Actuel	Proje ction	
									en euro par secteur			en euro par secteur		à fin 2010		
SECTEUR AGRICOLE									47 651 651	53 590 000	0	0	53 590 000	0.0%	3.0%	3%
1	Appui Prog Nat Economie Eau Irigation (PNEE)	14-Dec-09	4-Mar-10	2-Jul-10	31-Dec-15	0.9	6.7	EUR	47 651 651	53 590 000	0		53 590 000	0.0%	3.0%	
SECTEUR TRANSPORTS									360 305 475	404 278 000	102 689 848			26.8%	42.4%	23%
2	Projet de construction de l'autoroute Marrakech-Agadir	21-juil-06	15-déc-06	16-juil-07	31-déc-11	4.3	12.0	EUR	103 494 917	118 600 000	66 443 046	20 000 000	32 156 954	67.4%	100.0%	
3	2ème phase du Programme national de routes rurales (PNRR 2)	5-sept-07	23-nov-07	8-mars-08	31-déc-13	3.1	6.2	EUR	41 754 428	45 000 000	36 246 801		8 753 199	80.5%	100.0%	
4	Troisième Projet aéroportuaire	16-avr-09	8-mai-09	22-oct-09	31-déc-13	1.5	6.3	EUR	214 456 130	240 000 000	0		240 000 000	0.0%	3.0%	
5	Réparation ouvrages 7 ports - DON PRI * (ψ)	1-Apr-10			31-Dec-10	0.6		EUR	600 000	678 000			678 000	100.0%	100.0%	
SECTEUR ENERGIE									361 727 349	397 880 000	273 607 982			68.7%	73.8%	24%
6	Projet de la centrale thermo-solaire de Ain Beni Mathar	2-mars-05	29-aout-05	21-déc-05	31-déc-10	5.7	9.8	EUR	114 389 907	136 450 000	131 659 917		4 790 083	96.5%	100.0%	
7	Projet de la centrale thermo-solaire de Ain Beni Mathar (Prêt suppl.)	17-déc-07	7-avr-08	16-oct-08	31-déc-14	2.9	10.1	EUR	145 321 214	151 400 000	141 848 066		9 551 934	93.7%	100.0%	
8	Appui au programme d'efficacité énergétique dans l'industrie - DON	8-avr-09				1.6		EUR	185 841	210 000	0		210 000	0.0%	100.0%	
9	Programme Déve. Réseau transp. et Répar. Elect.	2-Dec-09	11-Dec-09	29-Apr-10	31-Dec-14	0.9	4.9	EUR	101 830 388	109 820 000	0		109 820 000	0.0%	5.0%	
SECTEUR SOCIAL									131 027 462	145 420 172	87 000 000			59.8%	60.0%	9%
10	Assistance tech. Mise en place d'un SIG & carte sanitaire du Ministère de la Santé - DON PRI	12-déc-08	23-déc-08	23-déc-08	31-déc-10	1.9	0.4	UC	500 000	500 000	0		500 000	0.0%	100.0%	
11	2ème phase du Programme d'appui à la réforme de la couverture médicale (PARCOUM II)	11-déc-08	23-déc-08	11-mai-09	31-déc-11	1.9	5.0	EUR	63 509 921	70 000 000	50 000 000		20 000 000	71.4%	71.0%	
12	Programme d'urgence de l'éducation nationale (PUEN)	31-mars-09	8-mai-09	20-oct-09	31-déc-11	1.6	6.8	EUR	67 017 541	75 000 000	37 000 000		38 000 000	49.3%	49.0%	
SECTEUR EAU ET ASSAINISSEMENT									394 645 909	451 977 383	107 782 943			47.7%	32.9%	26%
13	Huitième Projet d'AEPA	24-nov-04	7-févr-05	10-juin-05	31-déc-10	5.9	6.6	EUR	56 549 062	66 500 000	58 589 059		7 910 941	88.1%	100.0%	
14	Neuvième Projet d'AEPA	21-juil-06	18-déc-06	16-mai-07	31-déc-11	4.3	10.0	EUR	70 666 446	81 000 000	45 235 623		35 764 377	55.8%	75.0%	
15	Dixième Projet d'AEP	16-nov-08	23-déc-08	17-juil-09	31-déc-13	1.9	8.1	EUR	30 702 510	33 840 000	1 265 583		32 574 407	3.7%	10.0%	
16	Dixième Projet d'AEP	16-nov-08	23-déc-08	17-juil-09	31-déc-13	1.9	8.1	USD	34 540 816	53 340 000	2 668 041		50 670 959	5.0%	10.0%	
17	Onzième Projet d'AEPA Rabat-Casa (ψ)	12-mai-10	19-aout-10		31-Dec-14	0.5		EUR	200 000 000	226 000 000			226 000 000		5.0%	
18	Etude pour la recharge artificielle de la nappe du Haouz - DON FAE **	12-juin-09	8-mai-09	8-mai-09	30-nov-12	1.8	3.9	EUR	1 691 076	1 892 500	815 550		1 076 950	43.1%	86.0%	
18	Assistance technique pour le programme de protection et de sauvegarde des oasis du Sud du Maroc (POS) - DON PRI	28-avr-09	31-juil-09	31-juil-09	31-mai-11	1.5	3.1	UC	496 000	496 000	128 833		367 167	26.0%	100.0%	
SECTEUR MULTISECTEUR									240 214 194	262 000 000	200 000 000		62 000 000	76.3%	100%	16%
19	Développement du Secteur Financier (PADESF)	9-déc-09	11-déc-09	14-déc-09	31-déc-10	0.9	0.2	EUR	150 214 194	162 000 000	100 000 000		62 000 000	61.7%	100.0%	
20	Projet d'appui aux réformes dans l'administration publique phase IV (PARAP IV)	30-juin-10	6-juil-10	15-sept-10	31-juil-11	0.3	2.6	EUR	90 000 000	100 000 000	100 000 000		0	100.0%	100.0%	

Récapitulatif:

Montant Total du portefeuille	1 535 572 041
En Unités de compte	1 532 099 124
Prêts	3 472 917
Dons	1 708 515 751
En Euros	

Montant Total des décaissements en Euros	Actuel	Proj. 2010
Taux de décaissement	771 025 819	964 978 250
	52%	56%

Montant moyen par opération (en UC)	76 778 602
Délai moyen de mise en vigueur (mois)	6.3
Age moyen du portefeuille (an)	2.3



(ψ) : Projet non encore en vigueur et par conséquent non inclus dans la détermination du taux de décaissement global du portefeuille.
 * PRI : Pays à revenu intermédiaire
 ** FAE : Facilité africaine de l'eau

Appendix IV. Morocco: Key Related Projects Financed by Other Financial Partners

FINANCING	Signature Date	Amount
EIB		Million EUR
High Speed Rail Link Project		300
Rural Roads Programme III	05/12/2008	60
2 nd Tanger Med Port Terminal Project	24/06/2008	40
Fez-Oujda Motorway Project V	31/10/2007	180
Motorway Project IV-Tranche B	17/06/2005	70
National Rural Roads Programme - Phase II	17/06/2005	60
IBRD		Million USD
National Rural Roads Programme - Phase II	02/05/2006	60
National Rural Roads Programme	29/06/2004	36.86
AFD		Million EUR
National Rural Roads Programme in the Northern Provinces	16/11/2000	24
Tangiers - New Tanger Med Port Rail Link	24/03/2004	25
National Rural Roads Programme - Phase II	13/02/2004	50
High Speed Rail Link Project		150
France		900
JBIC-JICA		Million JPY
Mediterranean Rocate Project	21/09/2001	21,459
Marrakesh-Agadir Motorway Construction Project	31/03/2006	17,726
National Rural Roads Programme	15/03/2007	8,439
EU Commission		Million EUR
Mediterranean Rocate Project	2000	124.48
Transport Sector Reform Support Project	2003	96
Arab Fund for Economic and Social Development (AFESD)		Million USD)
Marrakesh-Agadir Motorway Construction Project	13/03/2006	115.6
Fez –Oujda Motorway Construction Project	15/03/2007	111.9
Rabat – Casablanca Motorway 2x3 Lane Project	01/12/2008	74.6
Airport Improvement and Capacity Building Project	15/05/2001	36.5
Kuwait Fund (KFAED)		Million USD
Marrakesh-Agadir Motorway Construction Fund	20/03/2006	56
Fez-Oujda Motorway Construction Project	13/12/2006	56
Islamic Development Bank (IDB)		Million USD
Marrakesh-Agadir Motorway Construction Project	01/06/2006	106
Fez-Oujda Motorway Construction Project	01/05/2007	124