Reference No.: P-MA-DC0-017
Sovereign investment project

Language: English
Original: French

AFRICAN DEVELOPMENT BANK

APPRAISAL REPORT

RAILWAY INFRASTRUCTURE DEVELOPMENT SUPPORT PROJECT (PADIF)

KINGDOM OF MOROCCO

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RAILWAY INFRASTRUCTURE DEVELOPMENT SUPPORT PROJECT (PADIF)

KINGDOM OF MOROCCO

RDGN/PICU

June 2026

Translated Document

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CURRENCY EQUIVALENTS

Exchange rate: February 2026

Currency unit1	*Equivalent*
UA 1	***MAD 12.71480***
UA 1	***EUR 1.17968***

FISCAL YEAR

1 January – 31 December

WEIGHTS AND MEASURES

1 metric ton (t)	= 2,204 pounds (lbs)	1 millimetre (mm)	= 0.03937 inch (“)
1 kilogramme (kg)	= 2.204 pounds (lbs)	1 kilometre (km)	= 0.62 mile
1 metre (m)	= 3.28 feet	1 hectare (ha)	= 2.471 acres

[1] Add any other foreign or local currencies relevant to the project and their currency equivalents.

ABBREVIATIONS AND ACRONYMS

Abbreviation	Definition
ADM	National Highway Corporation of Morocco
ADOA	Additionality and Development Outcomes Assessment
AfCFTA	African Continental Free Trade Area
AFD	French Development Agency
AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AMDL	Logistics Development Agency of Morocco
ANAPEC	National Employment and Skills Promotion Agency
ANP	National Ports Agency
BD	bidding document
CF	consulting firm
CGEM	General Confederation of Moroccan Enterprises
CP	cardinal point
CPIA	Country Policy and Institutional Assessment
CSP	Country Strategy Paper
DPO	delegated project owner
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ERR	economic rate of return
EUR	European currency unit
FKDEA	Kuwait Economic Development Fund
FRR	financial rate of return
FSD	Saudi Development Fund
GDP	gross domestic product
HSL	high speed line
IsDB	Islamic Development Bank
ISS	integrated safeguards system
ISTS	Integrated Safeguards Tracking System
JICA	Japan Bank for International Cooperation
MAD	Moroccan dirham
MEF	Ministry of Economy and Finance
MTL	Ministry of Transport and Logistics
NPV	net present value
NWM	Nador West Med
OFPPT	Vocational Training and Labour Promotion Authority
ONCF	National Railway Authority
ONDA	National Airport Authority
POA	**Project Owner Assistance**
PORTNET	national one-stop shop for foreign trade procedures
PP	procurement plan
PRM	Person with Reduced Mobility
QAP	Quality Assurance Plans
QMP	Quality Master Plan
RISP	Regional Integration Strategy Paper
SDG	Sustainable Development Goal
SME	small and medium-sized enterprise
SNTL	National Transport and Logistics Corporation
TFP	Technical and financial partner
TOARC	Earthworks, engineering structures, restoration of transport links
ToR	Terms of reference
UA	Unit of account
UMDF	Urban and Municipal Development Fund
UNFCCC	United Nations Framework Convention on Climate Change

PROJECT INFORMATION SHEET

1 CLIENT INFORMATION

Project name	Railway Infrastructure Development Support Project (PADIF)
Sector	Transport
Borrower	Kingdom of Morocco
Project instrument	AfDB loan
Executing agency	National Railway Authority (ONCF)

2 COUNTRY AND STRATEGIC CONTEXT

<table>
<tr><td>Country Strategy Paper period</td><td>The CSP covers the 2024-2029 period.</td></tr>
<tr><td>Country Strategy Paper priorities supported by the project</td><td>Pillar 1: Strengthening inclusive growth through skills development, employability and entrepreneurship; and Pillar 2: Building resilience to external shocks through the development of sustainable infrastructure.</td></tr>
<tr><td>Government programme (PRSP, NPD or equivalent)</td><td>Vision 2030 Strategic Roadmap (Rail 2040 Plan)</td></tr>
<tr><td>Project classification</td><td>The Bank’s High 5s: “Industrialise Africa”, “Integrate Africa” and “Improve the quality of life for the people of Africa”.</td></tr>
<tr><td></td><td>The sub-themes used in the Bank’s project classification methodology and the associated SDGs are as follows:
<table>
<tr><th>High 5</th><th>Themes</th><th>Sub-themes</th><th>SDG</th></tr>
<tr><td>3.0: Industrialise Africa</td><td></td><td>3.5 Industrial infrastructure</td><td>SDG 9</td></tr>
<tr><td rowspan="3">4.0: Integrate Africa</td><td rowspan="3"></td><td>4.1 Regional infrastructure connectivity</td><td>SDG 9</td></tr>
<tr><td rowspan="2">4.3: Trade and investment facilitation</td><td>SDG 8</td></tr>
<tr><td>SDG 9</td></tr>
<tr><td rowspan="4">5.0: Improve the quality of life for the people of Africa</td><td>Human and social development</td><td>5.6 Investments for job creation</td><td>SDG 8</td></tr>
<tr><td rowspan="3">Others</td><td>5.11 National infrastructure</td><td>SDG 9</td></tr>
<tr><td>5.12 Urban development</td><td>SDG 11</td></tr>
<tr><td>5.16 Climate change and green growth</td><td>SDG 8</td></tr>
<tr><td colspan="4">SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all</td></tr>
<tr><td colspan="4">SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</td></tr>
<tr><td colspan="4">SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable</td></tr>
</table>
The programme’s selectivity priorities are: (i) promoting infrastructure development; and (ii) improving mobility and the living environment.</td></tr>
<tr><td>Country performance and institutional assessment</td><td>NA</td></tr>
<tr><td>Projects at risk in the country portfolio</td><td>There are no projects at risk in the Bank’s operational portfolio in Morocco.</td></tr>
<tr><td>Eligible allocation balance at time of project concept note (PCN)</td><td>N/A</td></tr>
</table>

3 PROJECT CATEGORIZATION

Environmental and social risk categorization	The project is classified in Category 3 given the low environmental and social risks. Category validated in ISTS and confirmed in SAP on 14 October 2025.
Does the project involve involuntary resettlement?	No
Climate safeguards categorization	The project is classified in Category 2 under the Bank's Climate Safeguards System (CSS).
Fragility and resilience lens assessment	Yes
Gender marker system categorization	Category 2

4 KEY INFORMATION ON PROJECT FINANCING

Loan type	Fully flexible loan
Loan currency	EUR
Tenor	Up to 20 years, including the grace period
Grace period	Up to 5 years
Average loan maturity*	Depending on the loan term, grace period and repayment profile
Repayments	Consecutive and equal half-yearly payments after the grace period, or customised
Payment date	June 15 and December 15 of each year
Interest rate	**Base rate + financing cost margin + lending margin + maturity premium.** The interest rate will be capped at zero.
Base rate	Floating base rate (six-month EURIBOR for EUR) reset each 1 February and 1 August A free option to fix the base rate is available.
Financing cost margin	Bank financing cost margin, reset each 1 January and 1 July and applied to the base rate each 1 February and 1 August
Lending margin	80 basis points (0.8%) as from 1 September 2016.
Maturity premium	0%
Front-end fee	0.25% of the loan amount due at loan effectiveness and payable at the earliest of: (i) up to 60 days from the loan effectiveness date; or (ii) at the time of first disbursement. If the loan is partially or wholly cancelled after the loan effectiveness date, the front-end fee is still payable on the total loan amount and will not be refunded. The Borrower may pay the front-end fee: (i) either from its own funds, or (ii) by deducting the amount from the loan proceeds at the time of first disbursement.
Commitment fee	0.25% of the undisbursed loan amount. Commitment fees start accruing 60 days from signature of the loan agreement and are payable on payment dates, including during the grace period. Commitment fees cease to accrue upon full disbursement or full cancellation of the loan.
Option to convert the Base rate**	In addition to the free option to fix the floating base rate, the Borrower may reconvert the fixed rate to a floating rate or re-fix it for all or part of the disbursed loan amount. Transaction fees shall apply.
Option to cap or collar the base rate**	The Borrower may cap or collar (combination of a cap and floor) the base rate for all or part of the disbursed loan amount. Transaction fees shall apply.
Option to convert the loan currency *(except for AGTF)* **	The Borrower may convert the loan currency of all or part of the undisbursed and/or disbursed loan amounts to another approved lending currency of the Bank. Transaction fees shall apply.
Hedge unwinding or adjustment costs	All costs incurred by the Bank in the event of adjustment or termination of the conversions shall be borne by the Borrower.

*A calculator available to help borrowers simulate different amortization profiles and determine the average loan maturity. Please contact FIST2@afdb.org

** All conversions are subject to market availability. Conversion options and transaction fees are subject to the Bank's Conversion Guidelines, available online here.

Financing source	Amount (million)		Financing instrument
	UA	EUR	
African Development Bank (AfDB)	173.776	205.000	Project loan
Government's counterpart contribution	284.397	335.497	Investment budget
Total project cost	**458.172**	**540.497**	

5 PROJECT PROCESSING SCHEDULE FOR BOARD APPROVAL

Identification	11-22 November 2024
Preparation	21-25 April 2025
Appraisal mission[2]	10 March to 1th April 2026
Board presentation	08 July 2026
Implementation period	2026-2030

[2] The meeting with the MEF (Budget Direction) was held in April 2026.

1 STRATEGIC CONTEXT

A. Country context, strategy and objectives

1. The Kingdom of Morocco has adopted a new development model that seeks to transform the country's challenges into opportunities for sustainable development within the context of national and global changes expected by 2035. These transformations include increasing global interdependence, expanding economic and social connectivity with rapid spillover effects, and accelerated technological advancement affecting many sectors, particularly transport and logistics. The proposed new model is structured around three strategic pillars aimed at achieving: (i) a productive and diversified economy that generates added value and quality employment; (ii) strengthened human capital equipped for future challenges; and (iii) sustainable and resilient regions serving as engines of development. Under the first pillar, Morocco seeks to enhance competitiveness by reducing logistics costs and improving service quality.

2. The new development model also aims to position Morocco's economy as a multi-sector hub integrated into global value chains. Achieving this objective requires the modernization of the transport and logistics sector to improve efficiency and reduce costs. To that end, priority reforms will focus on: (i) strengthening governance to improve public coordination and promote multimodality; (ii) structuring transport flows around logistics zones connected to integrated corridors, production basins, and international trade networks; (iii) consolidating the operator landscape by fostering the emergence of competitive market players; and (iv) expanding rail transport as the backbone of an integrated multimodal transport system.

3. The new development model identifies service quality, operational safety, and reduced logistics costs as key drivers of national competitiveness. Accordingly, the Government is prioritising the development of a high-capacity multimodal public transport system aligned with sustainability objectives. The expansion of the rail network is therefore essential to: (i) support Morocco's economic and social development through a modern, efficient, and integrated rail system; (ii) strengthen the resilience and preparedness of the rail sector to meet future mobility demands; (iii) improve the attractiveness and quality of rail services; and (iv) enhance the efficiency and competitiveness of production systems. This approach also contributes to the achievement of Sustainable Development Goals (SDGs) 8, 11 and 17 by promoting sustainable and inclusive growth, resilient cities and strengthened partnerships.

4. In this context, the project is fully aligned with the priorities of the Kingdom of Morocco as articulated in the new development model. It supports the enhancement of high-capacity public transport, multimodal connectivity and accessibility to major economic and urban centres, while helping to reduce transaction costs and improve service quality. The project also contributes to the achievement of Sustainable Development Goals (particularly SDGs 8, 9 and 11) and is aligned with the African Union's Agenda 2063 (Aspirations 1 and 2) through the promotion of modern and resilient infrastructure, low-carbon transport systems, and improved corridor connectivity to strengthen regional integration and competitiveness.

5. The Bank's 2024–2029 Country Strategy Paper for Morocco is based on two priority areas: (i) strengthening inclusive growth through skills development, employability, and entrepreneurship; and (ii) enhancing resilience to exogenous shocks through the development of sustainable infrastructure. The project falls under the second priority area and is aligned with the Bank's 2022–2026 Strategy for Addressing Fragility and Building Resilience in Africa, particular its objectives relating to: (i) strengthening resilient societies through transport investments that reduce spatial disparities and improve access to services; and (ii) mobilising private investment to support entrepreneurship, economic transformation, and industrialization through transformative infrastructure.

6. The project's overall objective is to support the implementation of Morocco's ambitious rail development programme and, more specifically, to extend the high-speed rail line between Kenitra and Marrakesh, increase rail capacity along this corridor, and develop commuter rail networks, including regional express rail (RER) systems in the major metropolitan regions of Casablanca and Rabat. The project is also aligned with the **Bank's new institutional vision, which is structured around the following Four Cardinal Points**: *(i) enhance access to capital by mobilising Africa's financial resources; (ii) reform and consolidate the continent's financial systems, institutions and talent to assert Africa's global agency; (iii) harness the demographic dividend to drive economic growth; and (iv) build climate-resilient infrastructure and robust value addition to natural resources.*

7. The project directly contributes to the **fourth cardinal point**, relating to the development of resilient, high value-added infrastructure, by supporting the development of a modern, sustainable, and transformative railway system capable of improving connectivity, reducing logistics costs, and strengthening the competitiveness of the Moroccan economy. It also supports the **third cardinal point** by turning demographic dynamics into an economic dividend through improved population mobility, broader access to employment

opportunities, services, and markets, as well as the creation of direct and indirect jobs linked to the implementation of the railway program. More broadly, the project also contributes to the **first and second cardinal points** by mobilizing structuring financing for high-impact investment and relying on a strong institutional framework, led by ONCF and the Moroccan State, that is conducive to the effective implementation of large-scale operations. In this regard, PADIF exemplifies a high value-added operation combining economic transformation, territorial resilience, and social impact.

8. The project is further aligned with the **Bank's Ten-Year Strategy (2024–2033),** which, inter alia, seeks to promote a prosperous, inclusive, resilient and integrated Africa. It is also consistent with the **Bank's Climate Change and Green Growth Strategic Framework (2021–2030)** and the **Bank's Gender Strategy (2021–2025)** "Investing in Africa's Women to Accelerate Inclusive Growth", particularly through its two strategic priorities of: (i) accelerating job creation for women through skills development; and (ii) improving women's access to social services through infrastructure development. In addition, the project aligns with Pillar 1 of the **North Africa Regional Integration Strategy Paper 2020–2026** through the promotion of regional infrastructure connectivity. The project is also consistent with the Bank Group's **Private Sector Development Strategy 2021–2025** and supports the African Union's objective of operationalising the African Continental Free Trade Area (AfCFTA), including the implementation of the Programme for Infrastructure Development in Africa (PIDA), for which the Bank serves as the lead financing institution.

B. Sector and Institutional Context

9. Morocco's rail network is currently one of the most modern and advanced in Africa. Technical choices relating to the track gauge (1,435 mm standard gauge), route alignment and electrification have significantly shaped its development. The network is structured around a principal north-east to south corridor linking Oujda to Marrakech through Fez, Meknes, Kenitra, Rabat and Casablanca, with further extension to Tangier through the high-speed rail line. Branch lines serve Nador, El Jadida, Safi, Oued Zem and Tangier through both conventional and high-speed connections. The network includes Africa's first high-speed rail line, Al Boraq, connecting Tangier to Casablanca. Railway rolling stock maintenance is undertaken through two main workshops - Casablanca for electric traction and Meknes for diesel traction – supported by several regional depots located in Marrakech, Oujda, Sidi Kacem, Rabat and Fez, ensuring efficient routine maintenance operations. With approximately 200 km of high-speed rail infrastructure and 3,848 km of conventional rail lines, the national rail network transported about 55.6 million passengers in 2025[3].

10. The national rail network is operated and managed by the National Railways Authority (ONCF), the sole entity responsible for implementing Morocco's rail strategy. This strategy is guided by two complementary policy frameworks: (i) **"Destination 2025",** which aims to position ONCF as the country's leader in sustainable mobility, modernise rail services, and foster the development of a competitive domestic rail industry; and (ii) the **Vision 2030 Strategic Roadmap (Rail 2040 Plan)**, a long-term master plan designed to expand, modernise, and integrate the rail network in response to population growth, rapid urbanisation and increasing mobility and logistics demand. Together, these frameworks provide the basis for transforming the rail sector through an integrated vision centred on operational efficiency, resilience, territorial integration, and economic competitiveness.

11. Morocco's ambitious strategy to modernise and expand its high-speed rail network is intended to position the Kingdom as a continental leader in high-speed rail transport. The strategy seeks to connect the country's major urban centres, modernise conventional rail services, and stimulate economic growth. Under the 2040 Morocco Rail Plan, the high-speed rail network is expected to expand from approximately 200 to 800 miles over the next 16 years. The Al Boraq line, inaugurated in 2018 and currently linking Tangier to Casablanca via Kenitra and Rabat, constitutes the cornerstone of this expansion. Extending approximately 323 km (200 miles), the line has reduced travel time between Tangier and Casablanca from five hours to approximately two hours, making it Africa's first operational high-speed rail corridor. This "Atlantic Line" is eventually expected to extend to Marrakech and Agadir. A second high-speed corridor is planned to connect north-eastern Morocco (Nador and Oujda) to Rabat through Meknes and Fez, thereby strengthening connectivity between the eastern Rif region and western Morocco. The strategy aims to: (i) consolidate the growth momentum achieved in the rail transport subsector, particularly in passenger traffic; (ii) expand national rail coverage through high-speed connectivity; and (iii) strengthen Morocco's strategic position and logistics competitiveness. ONCF plans to extend the high-speed line to Marrakech by 2030 in preparation for the FIFA World Cup, which Morocco will co-host with Portugal and Spain, with completion targeted for the end of 2029.

[3] Source: ONCF (https://www.oncf.ma/fr/Actualites/Conseil-d-administration-de-l-oncf-des-performances-remarquables-et-des-projets-structurants-pour-le-developpement-du-ferroviaire-national)

12. The programme aims to connect 43 towns and cities, compared to 23 currently served, through the construction of approximately 2,300 miles of new railway lines. The modernized rail network is expected to serve about 87% of the national population, compared to 51% at present. In addition, 12 ports and 15 international airports are expected to be connected to the rail network, compared to six ports and one airport currently. The Government estimates that the programme will generate 300,000 jobs. Morocco remains the only African country currently operating a high-speed rail system. Through the consolidation and modernisation of its railway infrastructure, the Government seeks to accelerate national economic development and strengthen regional trade and integration across the continent.

13. This initiative is intended not only to improve passenger mobility, but also facilitate commercial activity and freight movement, thereby reinforcing Morocco's role as a strategic logistics hub between Europe and Africa. The urban transport sector has also undergone significant transformation in response to rapid urban growth and continued urban sprawl, which have substantially increased transport demand. Consequently, the Kenitra-Marrakech high-speed rail project includes the construction or rehabilitation of approximately 30 regional express rail (RER) stations along the conventional rail corridor within the Rabat metropolitan area. ONCF's investment programme also includes the procurement of new rolling stock and the construction of maintenance and repair workshops for railway infrastructure and equipment.

14. Implementation of this large-scale rail network expansion programme under the leadership of ONCF includes: (i) earthworks and civil engineering activities, restoration of communications infrastructure, and construction of protective fencing (TOARC); (ii) procurement of locomotives, rails, track components, and rail expansion joints; and (iii) construction and equipping of new maintenance workshops, including the facility planned in Marrakech.

Governance of the Railway Sector and ONCF's Statutory Reform

Governance: Morocco's railway sector falls under the responsibility of the Ministry of Transport and Logistics, which oversees strategic orientations, investment planning, and performance monitoring. The operation and development of the national railway network are entrusted to the National Railways Office (ONCF), a public industrial and commercial establishment with legal personality and financial autonomy. Law No. 52-03 provides the legal framework governing the organization, management, and operation of Morocco's railway network. It defines the railway public domain, regulates operating conditions, and provides for a gradual opening to competition. This law also underpins the ongoing institutional reform.

***ONCF's statutory reform*:** The major reform underway aims to transform ONCF into a joint-stock company, the "Moroccan Railways Company" (Société marocaine des chemins de fer – SMCF), wholly owned by the State. This change pursues the following objectives: (i) strengthening managerial autonomy and accountability within a governance framework aligned with the standards of commercial public enterprises; (ii) clarifying financial relations with the State, notably through concession agreements and program contracts defining public service obligations, investment commitments, and compensation mechanisms; (iii) improving financial transparency and fiscal sustainability by adopting accounting standards and reporting practices aligned with international standards; and (iv) preparing for the gradual opening of the market by enabling a clearer distinction between infrastructure management functions and service operations.

For the time being, the model remains integrated, with ONCF continuing to perform both infrastructure management and passenger and freight operations. However, the reform is expected to introduce a more contractual governance framework and strengthen the traceability of financial flows between public service missions and commercial activities.

These developments constitute an important lever to improve the sector's financial viability, strengthen governance and transparency, and enhance its capacity to mobilize long-term financing, particularly for high-speed rail network extensions (such as the Al Boraq line).

The effective implementation of the statutory transformation and the operationalization of contractual instruments (concessions, program contracts) will be decisive in ensuring the sector's sustainability and aligning its governance framework with international best practices.

C. Rationale for Bank Intervention

15. In 2010, the Bank approved financing amounting to EUR 300 million for the project to increase the capacity of the Tangier–Marrakech railway corridor, representing approximately 68% of the total project cost. The remaining 32%, equivalent to EUR 138.2 million, was financed by ONCF. The corridor comprises two main railway sections, Kenitra-Rabat-Casablanca and Casablanca-Settat-Marrakech, which together connect the southern regions of the country with the north and east.

16. Over the past two decades, Morocco has invested nearly MAD 70 billion (approximately EUR 6.4 billion) in the expansion and modernisation of its railway network. Building on these achievements, the Kingdom, through ONCF, has launched an ambitious rail development programme for 2030 with a planned

investment estimated at MAD 96 billion (approximately EUR 8.86 billion). Implemented within the framework of the **Vision 2030 Strategic Roadmap (Rail 2040 Plan)**, the programme aims to modernise and expand the national rail network to respond to growing transport demand and support preparations for the 2030 FIFA World Cup, which Morocco will co-host with Spain and Portugal.

17. The 2040 Morocco Rail Plan seeks to connect economic regions accounting for more than 67% of national GDP, thereby supporting the growth of key economic sectors in the targeted regions. The programme focuses on the following strategic priorities: (i) extension of the high-speed rail line through the construction of a new 430 km corridor linking Kenitra to Marrakesh via Rabat and Casablanca, with operating speeds of up to 350 km/h, reducing travel time between Tangier and Marrakesh by approximately two hours to 2 hours 40 minutes; (ii) tripling rolling stock capacity through the procurement of 168 trains, including 18 high-speed trains with a carrying capacity of 640 passengers and maximum operating speeds of 320 km/h; (iii) modernisation of railway infrastructure through the rehabilitation of major stations, including Rabat, Salé, Marrakech, and Casablanca, to improve accessibility and passenger comfort; (iv) development of three new metropolitan rail transport networks in the Casablanca, Rabat, and Marrakech metropolitan areas; (v) expansion of network coverage to reach 1,300 km of high-speed rail lines and 3,800 km of conventional rail lines by 2040, connecting 43 Moroccan cities and serving about 87% of the national population, compared to 23 cities currently connected; and (vi) promotion of the domestic rail industry through technology transfer and the training of highly skilled technicians and engineers.

18. Implementation of the plan is centred on: (i) adoption of a national high-speed rail master plan aimed at building a network of approximately 1,500 km along two major strategic corridors - north-south from Tangier to Agadir and east-west from Casablanca to Oujda; and (ii) expansion of freight rail services to support the rapid growth of the Tangier Med port complex and the Nador West Med port, which is being co-financed by the Bank and is expected to become operational in 2027. Currently, the conventional rail network supports operating speeds of no more than 160 km/h. Traffic forecasts for the Tangier-Marrakech corridor project an average annual growth rate of 4.6% through 2035, with passenger traffic expected to exceed 30 million passengers annually by that date. The planned extension of the high-speed rail line will therefore provide infrastructure capable of meeting market expectations in terms of competitiveness, travel time, and service quality, while contributing to Morocco's sustainable development objectives through annual reductions estimated at 213,000 tonnes of CO2 emissions.

19. The Railway Network Development Programme prepared by ONCF, with a total estimated cost of MAD 53.27 billion (approximately EUR 5 billion), focuses primarily on the development of the high-speed rail line between Kenitra and Marrakech. The programme comprises: (i) seven TOARC lots on the high-speed rail line; (ii) two viaduct construction lots; (iii) two civil engineering and TOARC lots on conventional rail lines; (iv) construction of one tunnel in Rabat; (v)site clearance work and preliminary preparation works for the high-speed rail project; (vi) construction of a steel footbridge at km point 13+450 on the Casablanca-Sidi El Aidi line; (vii) works to increase rail capacity between Kenitra and Marrakech and within the Casablanca rail hub; (viii) installation of signalling and telecommunications systems along the Kenitra-Marrakech high-speed rail corridor; (ix) supply of ballast, sleepers, rails and track components; (x) electrical connection and junction works; (xi) specialised consultancy services, including pre-project engineering studies, architectural services, inspection and supervision assignments, and project management support; (xii) construction of the Marrakech maintenance workshop; and (xiii) land acquisition activities. Bank support for implementation of the programme will specifically focus on financing the supply of railway equipment, including rails, switches and rail expansion joints, which are essential for the execution of the planned works.

20. The Bank's involvement in the project is justified by the financing needs of the railway subsector and by the positive experience gained during implementation of the Tangier–Marrakech railway capacity expansion project. Furthermore, the Bank's continued engagement in the railway subsector is essential given the strategic importance of rail infrastructure for strengthening the logistical competitiveness of the national economy. The 2040 Morocco Rail Plan, implemented by ONCF with Government support, constitutes an ambitious and integrated strategy aimed at supporting and accelerating the country's economic and social development.

21. Through this operation, the Bank is reinforcing its support to the Kingdom of Morocco in implementing the ambitious 2040 Morocco Rail Plan, following its financing in 2011 of the Tangier-Marrakech railway capacity expansion Project, and, in 2016, the Project to upgrade the rail infrastructure. The Bank is also consolidating its position as a preferred partner for the financing of strategic transport infrastructure in Morocco, including the Nador West Med (NWM) port and its associated logistics platform, as well as the Guercif-Nador motorway project. More broadly, the Bank's portfolio in Morocco's transport sector now spans all major transport modes, including road, rail, port and air transport. This diversified engagement positions

the Bank as a reliable partner capable of addressing increasingly complex and emerging challenges, particularly in the areas of multimodal transport integration and urban mobility.

D. Donor Coordination

22. Several of Morocco's technical and financial partners (TFPs), both bilateral and multilateral, support the Government's efforts in the transport sector through the financing of programmes and projects using loans and grants. In addition to the African Development Bank (AfDB), the key development partners active in the sector include the World Bank (WB), the European Bank for Reconstruction and Development (EBRD), the Arab Fund for Economic and Social Development (AFESD), the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund for Development (SFD), the Abu Dhabi Fund for Development, the Islamic Development Bank (IsDB), the French Development Agency (AFD), the Japan International Cooperation Agency (JICA), the European Union (EU) and the KfW. These institutions support Government priorities and initiatives in the sector through coordinated financing of infrastructure programmes and projects. Development assistance is generally coordinated by the Ministry of the Economy and Finance (MEF). The Government has demonstrated strong capacity to leverage the comparative advantages of development partners and ensure effective coordination among donors. This reflects robust strategic planning and institutional coordination capacity, as well as the operational maturity achieved by ONCF. Over the past two decades, ONCF has undertaken significant institutional reforms and modernised its operational systems, evolving from an entity largely dependent on phosphate freight transport into a diversified railway operator providing both passenger and freight services. The strengthening of ONCF's institutional and technical capacity has also enabled it to support capacity-building initiatives for railway operators across Africa and beyond, particularly through its Railway Training Institute, which offers training across nearly all areas of railway transport management and operations. Since its establishment in 2006, the Bank's Country Office in Morocco has played a key role in strengthening dialogue with the Government and coordination with development partners. In addition, the geographic information system (GIS) established by the Government facilitates real-time monitoring of operations by region, sector and financing source.

23. The rail development programme's financing structure includes contributions from the Bank, the Government, local authorities, a consortium of Moroccan banks and external financing from France, Spain, South Korea, AFD, the World Bank, and KfW. Building on its extensive experience in the railway subsector, the Bank supports government initiatives aimed at promoting the co-financing of major infrastructure projects through public-private partnerships (PPPs).[4]

2 PROJECT DESCRIPTION

A. Project Development Objective

24. The project aims to strengthen capacity and improve the operational performance of the Kenitra-Marrakech rail corridor so as to support sustainable mobility and enhance connectivity between Morocco's principal economic and urban centres. Specifically, the project seeks to: (i) improve the performance and efficiency of rail services through enhanced capacity along the strategic Tangier-Casablanca-Marrakech rail corridor; (ii) improve intercity and metropolitan mobility by reducing travel times and transport costs; and (iii) strengthen logistics competitiveness, territorial integration and regional economic development, while promoting modal shift towards a more sustainable transport system.

B. Theory of Change

25. The project forms part of the implementation of the **Vision 2030 Strategic Roadmap (Rail 2040 Plan)**, through which Morocco is continuing to modernise and reinforce its railway system in response to sustained growth in demand for mobility and connectivity between the country's main economic and urban centres. The Tangier-Casablanca-Marrakech corridor constitutes the backbone of the national rail network and carries a substantial share of both passenger and freight traffic. Continued growth in demand is placing increasing pressure on the operational capacity of existing infrastructure, thereby affecting traffic fluidity, travel times and the overall quality of rail services. In addition, the predominance of road transport contributes to congestion, increases mobility costs, and intensifies environmental pressures, underscoring the need to promote more sustainable public transport alternatives.

[4] In May 2025, the Bank provided funding for the Project to Support the Promotion of PPPs in Morocco

26. In this context, PADIF will contribute to the broader railway development programme implemented by ONCF through the financing of strategic rail infrastructure aimed at enhancing the capacity and operational performance of the Kenitra-Marrakech corridor. Planned activities include the supply of rails, track components, sleepers, ballast and equipment for engineering structures, as well as project management, supervision and monitoring/evaluation activities.

27. The investments financed under the project will progressively increase the operational capacity of the Tangier-Casablanca-Marrakech rail corridor, improve the performance and efficiency of rail services, and strengthen connectivity between the country's principal urban and economic centres. In the medium term, the project is expected to improve intercity and metropolitan mobility, reduce travel times and transport costs, enhance logistics competitiveness and regional economic development, and encourage a modal shift towards more sustainable public transport systems. The project is also expected to create jobs in the regions concerned. In the long term, the project will help to strengthen Morocco's economic competitiveness and territorial connectivity, as well as promote a sustainable, efficient and resilient railway transport system.

28. Achievement of the expected outcomes will depend primarily on: (i) the timely availability of financing and effective implementation of activities; (ii) the effective commissioning and proper maintenance of the financed equipment and infrastructure; and (iii) sustained growth in demand for rail transport, together with the continuation of national policies promoting sustainable mobility and multimodal transport integration. A detailed presentation of the theory of change is provided in Annex.

Overview of the ONCF Railway Development Program

The **PADIF project** supports a comprehensive railway development programme led by **ONCF**, structured around five main components: **(i) Kenitra–Marrakech High-Speed Rail Line (HSR)**: extension of the high-speed rail network from Kenitra to Marrakech over 430 km, including the construction of a tunnel in Rabat, the Rabat Regional Express Rail (RER), financed by AFD, and the enhancement of rail capacity in the Casablanca hub, including service to Mohammed V Airport, co-financed by the World Bank and KfW; **(ii) Fleet renewal and expansion**: acquisition of 168 rolling stock units, comprising 18 high-speed trains, 40 intercity trains, and 110 regional express and shuttle trains; **(iii) Proximity mobility (RER)**: development of suburban rail services in major urban centres, including Casablanca, Rabat and Marrakech, with increased service frequency of up to every 7.5 minutes; **(iv) Infrastructure and stations**: construction of 28 new stations and modernization of existing stations, including the multimodal Casa-Sud station; and **(v) Railway industrialization ("Made in Morocco")**: promotion of a domestic railway ecosystem for maintenance and manufacturing, with a view to strengthening technological sovereignty.

The ONCF development programme, with an estimated total cost of approximately **MAD 96 billion** (about **EUR 8.97 billion**), is being implemented through a co-financing arrangement involving several technical and financial partners. For the infrastructure component—including, in particular, the extension of the Kenitra–Marrakech HSR line and the development of Regional Express Rail (RER) services—the Bank's expected contribution under **PADIF** is complemented by external financing from the **World Bank** (**EUR 308 million** for the Casablanca RER), **KfW** (**EUR 200 million** for the Casablanca RER), and **AFD** (**EUR 100 million** for the Rabat RER). The programme also includes complementary investments, notably the rail connection to **Nador West Med Port**, electrification of the eastern section of the railway network, and rail service to **Tangier Airport**. Overall, the programme is expected to increase operating speeds to **200 km/h** on selected corridors and significantly reduce travel times between the Kingdom's main urban centres.

C. Project Components

29. The proposed project activities are organized under the two components described below:

30. **Component A: Supply of railway equipment (EUR 434.579 million / 97.09%).** This component covers the procurement of strategic railway equipment for implementation of ONCF's rail development programme, including: (**A.1**) Supply of new rails (lots 2 and 3) for the renewal/upgrading of track infrastructure along the Kenitra-Marrakesh corridor and within the Casablanca rail hub; (**A.2**) Supply of track components for conventional lines; (**A.3**) Supply of track components for the high-speed rail line to support capacity enhancement works on the Kenitra-Marrakech corridor and within the Casablanca hub; (**A.4**) Supply of expansion joints for engineering structures, including bridges, viaducts and related structures, to accommodate thermal expansion and longitudinal track movement, while ensuring geometric continuity and operational safety; (**A.5**) Supply of ballast for the construction and renewal of ballast track structures along the Kenitra-Marrakech corridor and within the Casablanca rail hub; (**A.6**) Supply of sleepers for the renewal and reinforcement of track superstructures on the Kenitra-Marrakech corridor and within the Casablanca rail hub; and (**A.7**) Supply of new rails (lot 1) to support the equipment/renewal programme associated with capacity

enhancement works on the Kenitra-Marrakech corridor and within the Casablanca rail hub. This sub-component, implemented separately from lots 2 and 3, is intended to ensure continuity of supply and maintain uninterrupted progress of track works in line with the project implementation schedule.

31. **Component B: Project management (EUR 13.037 million / 2.91%)**. This component comprises activities relating to: (i) project supervision; (ii) project management; and (iii) monitoring and evaluation of the project's impact.

32. **The** Bank's financing will primarily focus on **Component A**, particularly subcomponents **A1, A2, A3,** and **A4.**

D. Project Cost and Financing Arrangements

33. The initial project cost, net of taxes and customs duties and inclusive of physical and price contingencies, is estimated at **EUR 540.497 million** (equivalent to **UA 458.172 million**), based on the March 2026 exchange rate of UA 1 = EUR 1.17968. The Bank will finance **EUR 205 million** (equivalent to **UA 173.776 million**), representing **37.93%** of the total project cost. The Government of Morocco will provide **EUR 335.497 million**, representing **62.07%** of the total project cost. The Bank's contribution will be provided through an ADB Window loan, in accordance with financing terms and conditions to be proposed by the Bank. The interest rate, repayment periods and other related arrangements will be finalised during loan negotiations with the Government. The detailed project costs by component, expenditure category and financing, together with the projected expenditure schedule, are summarised in the tables below.

E. Project Area Beneficiaries and Other Stakeholders

34. In addition to ONCF, the project will benefit: (i) sectors across the rail transport value chain, such as shippers, supply chain transport operators, freight forwarders, cargo handlers, rail service providers, and infrastructure and service managers); and (ii) industrial sectors such as hydrocarbons, logistics, and tourism. Given its transformative scope, the project is expected to benefit communities within its direct area of influence and, more broadly, the entire national population. It is also expected to help reduce unemployment in the Rabat-Salé-Kenitra and Marrakech-Safi regions.

35. In addition, the project will help to: (i) enhance mobility for the population; and (ii) improve the movement of goods throughout the project area, particularly through more efficient freight generated by Tangier Med port, by releasing capacity on conventional rail lines following commissioning of the new high-speed rail infrastructure. Improved mobility will benefit all population groups within the project area by facilitating access to health care, education, and administrative services. Furthermore, the project is expected to create many jobs during the construction and operational phases, particularly through increased economic activity in the crafts and tourism sectors resulting from improved connectivity to major tourist destinations such as Marrakech, Casablanca, and Kenitra. Additional employment opportunities are expected in freight transport and related logistics activities, particularly through the ongoing development of logistics zones in Tangier, Nador, and other strategic locations. Furthermore, the project is expected to generate external benefits, including improved road safety, reduced air pollution and greenhouse gas emissions, and savings in track maintenance costs.

F. Bank Group Experience and Lessons Reflected in Project Design

36. As of 1 February 2026, the Bank's active portfolio in Morocco comprised 37 projects with total commitments of UA 3.29 billion (equivalent to over USD 4.54 billion), spanning eight sectors, including the transport sector which accounted for 16% of total commitments across three projects. Portfolio projects are being implemented efficiently, with loan agreements signed within an average of 4.8 months following approval and effectiveness achieved within an average of 1.36 months for public sector operations. Portfolio performance has improved since the adoption of national public financial management and procurement systems in 2015.

37. Generally speaking, the areas for improvement identified in connection with investment projects in Morocco relate in particular to the need to enhance the quality of project initiation by ensuring that sufficiently advanced technical studies are available from the outset, and to provide greater support to project management units in familiarising themselves with the Bank's procedures and requirements.

38. The key constraints identified by the Bank's Independent Development Evaluation Department (IDEV) regarding transport sector operations have been duly factored into the project design. These mainly concern project quality of entry and the limited capacity of some executing agencies to comply with the Bank's procedural requirements.

39. The above-mentioned constraints were fully considered as from the project identification phase. During the project preparation, the Bank team obtained (from ONCF) most of the technical studies and supporting documentation required for project appraisal. The studies were supervised by ONCF's technical departments with support from specialist engineering consultancies covering all the relevant fields, thereby ensuring a high

level of project readiness and quality at entry. In addition, ONCF possesses extensive technical expertise and proven sector experience, particularly through lessons learned from similar operations, including the successful completion of the Tangier-Kenitra high-speed rail line.

40. Furthermore, the project design incorporates lessons learned from similar Bank-financed projects recently implemented in Morocco, particularly the railway capacity enhancement and infrastructure reinforcement projects between Casablanca and Marrakesh, which are the Bank's two most recent operations in Morocco's railway subsector. This project will therefore build on ONCF's accumulated experience in implementing Bank-financed operations. In addition, ONCF has already established a dedicated project coordination unit staffed with the required technical and administrative profiles, including specialists in fiduciary management, financial management, procurement, and contract management.

3 PROJECT FEASIBILITY

A. Financial and Economic Analysis

41. ***Analysis of ONCF accounts[5]:*** ONCF's passenger business continued its growth trajectory in 2025, carrying more than 55.6 million passengers, compared with 55.1 million in 2024. The Al Boraq high-speed rail service, connecting Kenitra and Tangier, further strengthened its position as a symbol of sustainable mobility and a catalyst for change, transporting more than 5.6 million passengers in 2025, representing a 3% increase compared with 2024. This activity generated revenue of nearly MAD 2.9 billion, up 5% compared with year-end 2024. Overall, ONCF's revenue increased by 7%, exceeding the MAD 5 billion threshold for the first time, reaching more than MAD 5 billion in 2025 compared with MAD 4.67 billion in 2024. ONCF also recorded capital expenditures (CAPEX) of nearly MAD 19 billion, compared with MAD 2 billion at the end of 2024, reflecting the accelerated implementation of the Office's development program. At the end of 2025, ONCF's outstanding debt amounted to MAD 42.2 billion, representing a decrease of nearly 2% compared with 2023, demonstrating effective control over the Office's debt trajectory. The freight business also delivered outstanding performance. Rail transport of containers from Tanger Med to the Casablanca Inland Port more than doubled compared with the previous year. Overall, more than 23.2 million tonnes of freight were transported in 2025, representing an increase of 9.4% compared with 2024 and 36% compared with 2023, generating nearly MAD 2 billion in revenue. These strong financial results enabled ONCF to achieve revenue exceeding MAD 5 billion in 2025 and an EBITDA of MAD 2.17 billion, up 11% compared with 2024.

42. The progress achieved on projects planned through 2030 demonstrates significant advancement, reflecting compliance with established milestones and effective management of implementation schedules. Particular emphasis has been placed on investments aimed at improving mobility, strengthening the national industrial base, enhancing logistics competitiveness, and creating employment opportunities and economic value.

43. Operating profit turned positive in 2025, reaching MAD 162 million, compared with a loss of MAD 50 million in 2024 and MAD 409 million in 2023. Self-financing capacity increased from approximately MAD 501 million in 2024 to MAD 720 million in 2025, representing a 44% increase. This performance enables ONCF to support its exceptional investment program, particularly the expansion of the high-speed rail network (LGV).

44. A detailed analysis of ONCF's financial statements is presented in the Technical Annex 3.1.

45. ***Traffic projections:*** Under the "no-project" scenario, passenger traffic on the existing Tangier-Casablanca corridor is projected to reach about 7 million passengers per year by 2030. Under the "project" scenario, total passenger traffic is projected to increase to about 24.4 million by 2030, broken down as follows: (i) 12 million passengers on the Tangier-Marrakech high-speed rail corridor; (ii) 11.59 million passengers on high-performance rail services operating on the Fez-Marrakech corridor; (iii) about 785,000 passengers transferring between high-speed and high-performance rail services, resulting in total projected traffic of approximately 24.41 million passengers. Traffic on the high-speed and high-performance rail network expected to exceed 14 million passengers per year over the medium term. The projected demand for high-speed rail services is expected to be generated through: (i) modal shift from air transport, conventional rail services (39%), and road transport (30% private vehicles, 11% taxis and buses); and (ii) induced demand attributable to the new service (20%).

46. ***Economic performance:*** The economic evaluation is based on a socioeconomic cost-benefit analysis that assesses the monetised costs and benefits generated for the community. The economic performance indicator used is the economic rate of return (ERR), calculated for the entire project using the cost-benefit

[5] Data sources: ONCF 2025 Financial Report

method comparing the "no-project" and "project" scenarios over a thirty-year period starting from the year of the initial investment. The analysis applies a 4% social discount rate, corresponding to the weighted average cost of capital estimated by the High Commission for Planning, and the evaluation period (30 years).

47. The Bank will provide financing of EUR 205 million for this phase of the development programme. The economic analysis incorporates: (i) investment costs, net of taxes and including physical contingencies estimated at MAD 64 billion; and (ii) projected operating costs. Quantifiable economic benefits include additional passenger and freight revenues, travel time savings, as well as other external benefits such as lower environmental impact, improved road safety, reduced air pollution and greenhouse gas emissions, and benefits resulting from the modal shift from road to rail transport.

48. The project's economic rate of return (ERR) is estimated at 11.98%, with a corresponding NPV of just over MAD 95 billion.

49. ***Sensitivity Analysis***. The sensitivity analysis, based on a 10% increase in investment costs, yields an ERR of 10.95% and an NPV of nearly MAD 88 billion. Furthermore, assuming a 20% increase in investment costs, the NPV amounts to MAD 80.504 billion, with an ERR of 10.03%. As the resulting rates remain above the 4% discount rate, the project is considered economically viable, and its implementation is therefore justified.

50. A summary of the economic analysis is presented in Table 3.1, while detailed calculations are provided in Technical Annex 3.1.

Table 3.1: Key economic data

Description	ERR	NPV (in MAD billion)
Base value	11.98%	95.118
Investment cost increase of 10%	10.95%	87.811
Investment cost increase of 20%	10.03%	80.504

51. A simulation based on an 8% discount rate shows that the NPV remains positive at MAD 16.205 billion, even under the assumption of a 20% increase in investment costs.

52. ***Financial performance:*** The financial rate of return (FRR) is the principal indicator used to assess the project's financial viability. The FRR is estimated on the basis of total investment costs at current prices, amounting to MAD 64 billion, and projected revenues generated by passenger and freight operations. Using a discount rate of 4% over the 2025-2055 evaluation period, the financial analysis yields a net present value (NPV) of MAD 47.439 billion and an FRR of 7.59%. In parallel, an analysis of ONCF's financial projections was conducted. The results of the base-case financial analysis presented in Table 3.2 below indicate that the project is financially viable.

Table 3.2: Key financial data

Description	FRR	NPV (in MAD billion)
Base value	7.59%	47.439
Investment cost increase of 20%	6.93%	41.030

53. Despite the exceptionally high level of investment envisaged under ONCF's development programme, the Authority's financial position is expected to remain sound throughout the review period. The analysis indicates: (i) strong cash-generating capacity; (ii) a steadily improving working capital position; (iii) sustained growth in cash balances despite substantial capital expenditures and debt servicing obligations; (iv) a comfortable debt ratio; and (v) a satisfactory debt service coverage ratio.

54. ***Additional positive effects:*** Beyond its socioeconomic impacts, the programme is expected to improve Morocco's Infrastructure Integration Index and Logistics Performance Index (LPI). It will also strengthen the role of the national railway subsector as a driver of economic growth by facilitating trade, tourism and regional connectivity, while promoting job creation and improving living standards for the population. The project is also expected to catalyse the development of a domestic railway industry, through large-scale transfer of knowledge and advanced technologies. The continued expansion of Morocco's railway system, particularly in the high-value-added high-speed rail segment, is expected to support the emergence of a national rail ecosystem encompassing the entire value chain, from project planning and implementation to the production of locomotives and rolling stock. Morocco is therefore progressively positioning itself as an exporter, capable of diversifying its economy, increasing domestic value addition and generating highly skilled and better paid jobs. PADIF will therefore also be supporting the country's long-term macroeconomic efforts.

B. Environmental and Social Safeguards

55. In accordance with Morocco's Law No. 12-03 on environmental impact assessments, the procurement of railway equipment is not subject to environmental impact assessment requirements. The environmental and social risks associated with the procurement of materials and equipment that do not involve physical works are considered minimal. Consequently, the project has been classified in Category 3 (low environmental and social risk) under the Bank's integrated safeguards system (ISS). The classification was validated through the integrated safeguards Tracking system (ISTS) and confirmed in SAP on 14 October 2025. Given its classification in category 3 (low environment and social risk), the project does not require the preparation of additional environmental and social safeguard instruments. The project is fully compliant with the Bank's ISS requirements and is deemed ready for submission to the Board for consideration, as confirmed by the attached environmental and social compliance note (ESCON).

Climate Change and Green Growth

56. Morocco's climate change policy framework is anchored in five principal strategic documents, namely: the nationally determined contribution (NDC), the National Sustainable Development Strategy (NSDS) 2030, the National Climate Plan (NCP) 2030, the National Adaptation Plan, and the Long-Term Low-Carbon Strategy 2050. The NSDS establishes the country's green economy framework and serves as basis for the NDC and NDS, thereby ensuring alignment with international commitments such as the Paris Agreement. These policy instruments are implemented through stakeholder engagement and an operational framework supported by Law No. 99-12, the Environment and Sustainable Development Charter (Law No. 99-12, 2014). The National Climate Plan (NCP) focuses on enhancing climate governance, building resilience to climate risks, accelerating transition to a low-carbon economy, and integrating territorial dimensions into national climate action. It also seeks to develop the human, technological and financial capacities required for implementation. The NDC sets specific targets, including 34 unconditional mitigation measures aimed at reducing greenhouse gas (GHG) emissions by 18.3% compared to the business-as-usual scenario, at an estimated cost of USD 18 billion. An additional 27 projects, subject to international support, are expected to increase the emissions reduction target to 45.5% by 2030[6].

57. Morocco is highly exposed to climate-related risks, particularly those associated with changing rainfall patterns and rising temperatures. The country is experiencing significant rainfall variability, with more frequent and intense extreme weather events, including heavy rainfall and flooding in some regions and prolonged droughts and heatwaves in others. In particular, droughts have become more persistent and severe, posing significant challenges for water security, agricultural activity, and ecosystem sustainability (FAO, 2020). Rising temperatures combined with declining rainfall are expected to further exacerbate these risks, with potential implications for socio-economic development and environmental sustainability. Climate risks vary considerably across the country depending on the geographic location of the railway infrastructure and equipment supported under the project.

58. The project has been provisionally classified in Category 2 under the Bank's climate safeguards system (CSS), indicating potential exposure to climate vulnerabilities requiring detailed risk assessment and identification of appropriate adaptation measures for the infrastructure associated with the Bank-financed equipment. Relevant risk management and climate adaptation options will therefore need to be integrated into the project design, budgeting, and implementation arrangements. Preliminary climate risk screening undertaken in collaboration with ONCF identified extreme rainfall and heat as the principal climate change hazards with potentially significant impacts on infrastructure and equipment.[7]

59. The project is expected to contribute to Morocco's climate change mitigation objectives by encouraging the modal shift from road to rail, building on the example of the Tangier-Kenitra high-speed rail line.[8] Since some required data were not available during appraisal, the ex-ante estimation of mitigation impacts will be validated by the Bank's team during the project supervision.[9] The project was assessed using the joint MDB methodology for Paris alignment for mitigation and adaptation. It is deemed to be aligned with the Paris

[6] Source: *United Nations Framework Convention on Climate Change (UNFCCC, 2020)*

[7] In 2024, the EIB signed a technical assistance partnership with ONCF to support adaptation of its rail operations to climate change. The technical assistance is intended to support the development of a climate resilience and adaptation strategy for Morocco's rail network. It will help improve the network's resilience to extreme weather events.

[8] As stated in the ESIA for the high-speed rail extension project (Kenitra–Marrakech) "(...) in 2022 alone, more than 34,000 tonnes of CO2 emissions were avoided as a result of the introduction of the Kenitra-Tangier high-speed rail line: this was due to modal shift to the high-speed rail line and the use of green energy (from renewable sources) to power the line. ONCF is committed to powering all its lines with electricity from renewable sources."

[9] The project's carbon footprint is not currently available. However, ONCF plans to produce the data under its new ESG strategy.

Agreement for mitigation purposes. Alignment for adaptation remains conditional pending validation of the proposed climate adaptation measures during supervision.

60. In accordance with the joint MDB methodology, the total project budget qualifies as climate mitigation finance, since the project is expected to generate net reductions in greenhouse gas emissions through modal shift to rail transport and does not support fossil fuel transport activities nor rely on diesel subsidies.

C. Other Cross-cutting Priorities

Resilience-building Opportunities

61. Within the context of Morocco's ambitious rail investment programme (Rail Plan 2024–2030) and its demonstrated operational experience in high-speed rail, PADIF supports the extension of the Kenitra-Marrakech high-speed rail line, capacity enhancements along the Atlantic rail corridor, and the development of local rail services, including commuter rail systems, in the major metropolitan areas of Marrakech, Rabat and Casablanca. The project area encompasses the Rabat-Salé-Kenitra, Casablanca-Settat and Marrakech-Safi regions which collectively account for approximately 59% of the population, according to the General Population and Housing Census (RGPH)and 67% of national GDP[10]. The findings of the 2025 country fragility and resilience assessment (CRFA) highlight several strengths, particularly in relation to economic inclusion, while also identifying significant pressures associated with social cohesion, youth and gender-related vulnerabilities, social polarisation, climate and environmental stress and persistent income inequality. In this regard, the principal vulnerability factors relevant to the project include: (i) sector level constraints linked to capacity limitations and operational reliability along the Kenitra-Rabat-Casablanca corridor, combined with increasing vulnerability to climatic hazards such as flooding and heat that may affect service continuity; and (ii) territorial disparities associated with highly polarised urbanisation patterns projected by 2030, characterized by heavily urbanised centres such as Mohammedia, Casablanca, Rabat and Salé, contrasted with less urbanised surrounding provinces. These disparities are expected to intensify pressure on station accessibility, last-mile connectivity, and equitable access to transport services.

62. Fragility is further compounded by the concentration of industrial and logistics activities within the Casablanca and Tangier corridors, increasing vulnerability to external shocks and transport disruptions. Regional disparities also remain significant, with the regions of Casablanca-Settat, Rabat-Salé-Kenitra, and Tangier-Tetouan-Al Hoceima accounting for 57.9% of the national wealth creation in 2022[11]. Without adequate measures to ensure equitable accessibility, such disparities could reinforce perceptions of a "prosperous centre versus marginalised periphery". The groups most exposed to mobility constraints and risks of exclusion include commuters from suburban areas, low-income households, young people and women for whom safety within transport spaces remains a prerequisite for effective use of public transport systems. At the same time, Morocco possesses important resilience factors, including strong institutional capacity for transport planning and service transformation services; increasing national experience in climate adaptation; growing demand in urban centres for mass transit solutions combining high-speed rail and urban rail systems; strong economic dynamism and private sector capacity, especially in the Casablanca-Settat region; and valuable operational experience gained from the implementation of the existing high-speed rail programme.

63. PADIF is expected to build resilience through interventions in several key areas. At the operational level, the procurement of critical railway equipment and the development of dedicated rail infrastructure will relieve congestion on the conventional rail network, increase network capacity, and enable more reliable and frequent services. From a climate and environmental perspective, the socioeconomic analysis highlights benefits associated with modal shift from road to rail, including the avoidance of approximately 825,000 car trips annually, reductions in CO_2-equivalent emissions estimated at MAD 1 billion per year, and improvements in road safety equivalent to about 150 avoided accidents annually. From an urban and social inclusion standpoint, resilience will depend on effective integration between high-speed rail services (intercity travel), local commuter rail systems (RER), and broader intermodal solutions, including feeder transport services, pedestrian safety infrastructure, passenger information systems and integrated ticketing arrangements. Such an integrated "door-to-door" mobility approach will improve accessibility for vulnerable groups. The project will also strengthen institutional and sector resilience by enhancing ONCF's implementation and absorption capacity and, more broadly, by supporting the development of Morocco's railway industrial ecosystem, including maintenance services, technical skills development and related industrial activities, The project aligns closely with the Bank's 2022–2026 strategy, particularly Pillar 2 on "building resilient societies", and

[10] https://www.maroc.ma/fr/actualites/la-nouvelle-lgv-kenitra-marrakech-un-projet-fort-impact-socio-economique?utm_

[11] https://www.hcp.ma/Les-comptes-regionaux-Produit-interieur-brut-et-depenses-de-consommation-finale-des-menages-2022_a3941.html?utm

indirectly Pillar 3 on private sector development. To maximise the project's resilience and inclusion benefits, it is recommended that ONCF develop a comprehensive "door-to-door" intermodality and accessibility plan for priority stations and transport hubs. Such a plan should include measures to improve feeder services, pedestrian safety, accessibility for persons with reduced mobility, passenger information systems, and affordability principles. It should also incorporate practical monitoring indicators, including access times, connectivity between transport modes, and the incidence and resolution of safety and harassment-related incidents. These measures would help ensure that project benefits extend beyond urban centres to suburban commuters, vulnerable households, young people, and women.

Project Categorization under the Youth, Skills and Employment Indicators System (YSEIS)

64. PADIF is currently classified in Category 3 under the youth, skills and employment indicators system (YSEIS). This classification reflects the project's primary focus on the development and modernisation of heavy railway infrastructure rather than creation of employment opportunities. While the project is expected to generate important benefits in terms of employment, the economic participation of young people and women, and skills development, these outcomes remain largely indirect, induced and unintended at this stage. The project's financing structure is concentrated on the procurement of heavy railway equipment and does not include dedicated components or budget allocations for job creation or targeted skills development, which is consistent with Category 3 operations. However, the project may rely on ONCF's Railway Training Institute as an operational lever for skills development, notably through the adaptation of training modules and the gradual support of young people towards railway professions, including those related to operations, maintenance, and new rail technologies. The youth, skills and employment action plan is provided in Annex 3-4.

Urban Development

65. The project is expected to support urban development in the towns and urban centres directly served by the railway corridor. Tangier, Kenitra, Rabat, Casablanca, Marrakesh and other urban areas are expected to benefit from the development of the high-speed rail corridor. However, careful attention should be given to the integration of railway infrastructure with existing road and motorway networks, particularly at newly built stations. Effective multimodal connectivity, including modal interchange facilities, parking capacity, and public transport integration, will require careful planning and coordination. Indeed, this issue, which may seem minor, could lead to congestion in stations. The Bank could support the optimization of urban access infrastructure serving towns along the railway corridor. Through the Municipal and Urban Development Fund (UMDF), the Bank could assist local authorities in preparing integrated urban development and urban mobility plans. The use of UMDF funds would enable the Bank to engage specialized urban planning and mobility consultants to conduct urban development studies, traffic impact assessments, urban mobility plans for the various urban centres along the Kenitra-Marrakech corridor. Specific requests for technical assistance will be submitted to the Bank to support these activities.

Promoting gender equality and women's empowerment

66. PADIF is aligned with the Bank's Gender Strategy, particularly Pillar 3 on "increasing women's access to social services through infrastructure" and has been classified in Category 2 under the Bank's gender marker system. It will improve and strengthen transport services along the high-speed rail line by integrating the specific needs of women throughout the extension and operationalization of the line. The measures below are being proposed.

67. **Inclusive design of public spaces:** The design of stations and rolling stock should systematically consider the differentiated needs women and men. Facilities should provide accessible toilets, adequate and safe waiting areas, parking areas for pushchairs, breastfeeding rooms, baby-changing facilities, and infrastructure adapted to pregnant women or persons with reduced mobility. To that end, it is recommended that: (i) women be involved in the project design and that there be a balanced representation of women and men in the project design teams, including architects, engineers or planners, and project managers, to ensure that gender-specific needs are addressed from the outset; (ii) inclusive consultations with women and men should be organized to ensure that their specific needs are incorporated into the project design.

68. **Public spaces should provide local health care services:** Some women may have specific health care needs during their travel, such as menstruation, pregnancy, and medical care. Station facilities should also provide specific first aid kits for women, suitable toilet facilities, and the possibility of accessing medical assistance in an emergency.

69. **Prevention of sexual harassment and introduction of measures to manage cases:** The project should incorporate measures to prevent gender-based and sexual violence on trains and in stations. These measures should include: (i) awareness-raising campaigns and support services for victims; (ii) establishment of clear and accessible complaints and reporting mechanisms for passengers who are victims of harassment or

inappropriate behaviour, with secure reporting channels and appropriate responses; (iii) reinforcement of surveillance systems by installing surveillance cameras and ensuring optimal lighting in carriages and stations to deter undesirable behaviour; and (iv) training for security staff to effectively manage incidents involving harassment or assault.

70. **Inclusive communication**: Communication materials in stations and on trains, such as marketing materials and posters, should be inclusive and free from stereotypes, using inclusive language. Non-verbal communication for people with disabilities is also recommended.

71. **Job creation**: The project is expected to create jobs during the construction and operational phases, with a target of allocating at least 30% of project-related jobs to women.

4 IMPLEMENTATION

A. Institutional and implementation arrangements

72. ***Implementation arrangements***: ONCF will be responsible for overall project implementation and will act as both project owner and executing agency. Building on the experience gained from implementation the Tangier-Kenitra high-speed rail project, ONCF established a dedicated "High-Speed Rail Projects Division on 1 November 2023, equipped with managerial and technical expertise commensurate with the complexity of this major infrastructure programme. The division operates with advanced technological tools and significant operational autonomy, supported by project-dedicated functions covering procurement, accounting, human resources, and related administrative services. Approximately 100 staff members are currently assigned to the project, covering all key functional areas. Additional units will be established progressively to ensure effective management of construction activities, operational readiness, and maintenance arrangements.

73. **Operational organizational structure of the project:** The division operates under a project-based management structure, comprising five departments reporting directly to ONCF's General Management, as illustrated in the organization chart. The High-Speed Rail Projects Division has also prepared a quality master plan (QMP) for the Kenitra-Marrakech high-speed rail line, defining the operational framework and governance arrangements for project management.

74. **Project Ownership:** Operational responsibility for project ownership rests with High-Speed Rail Projects Division under ONCF's General Management. In accordance with approved budgets and implementation schedules, the division is mandated to design, construct and commission all infrastructure, equipment and services required to achieve the project's long-term objectives.

75. A Project Management Unit (PMU) will be designated within ONCF to monitor the implementation of the project activities. The PMU will comprise: (i) a Project Manager, who will ensure the overall coordination of the project; (ii) a financial management officer; and (iii) a procurement officer responsible for contract management. It should be noted that, in support of the PMU, a Project Coordination Unit (PCU) represented by ONCF's Finance Department will be mobilized by ONCF to ensure coordination of the project with the financier

76. **Other stakeholders:** Several external stakeholders engaged by ONCF, including project management consultants, design firms, contractors, and engineering consulting firms will participate in project implementation. The scope of their responsibilities and deliverables is defined in the quality master plan (QMP) which also establishes the applicable quality standards for the stakeholders. The organization and operating arrangements of these entities are set out in their respective quality assurance plans (PAQs), which are based on standard operating procedures for quality assurance plans (SOPAQs) incorporated into their contracts with ONCF and subject to the client's approval. These plans define the organizational measures adopted by each stakeholder to ensure compliance with the quality standard required by the client.

B. Procurement

Applicable Procurement Policy and Framework

77. All goods, works and consulting services financed by the Bank's resources under the PADIF project will be procured in accordance with the Procurement Framework for Bank Group-financed Operations (AfDB procurement policy), October 2015 and the provisions to be specified in the financing agreement.

78. The Bank's policy provides that, where a contract is awarded and signed prior to the signature of the Financing Agreement, any reimbursement by the Bank of payments made by the Borrower under that contract constitutes **retroactive financing**; in such cases, the Bank reviews the processes followed by the Borrower, and reimbursement is authorized only within the limits set out in the Financing Agreement. In this context, an independent review of the procurement methods and procedures applied by ONCF for six (06) railway equipment supply contracts — relating to HSR and conventional turnouts, rails, and expansion joints for

engineering structures — was carried out. This review concluded that the processes followed were overall compliant with the provisions of the bidding documents, ONCF's Procurement Regulations, and acceptable under the Bank's Procurement Policy, particularly with regard to the principles of economy, efficiency, effectiveness, and fairness. Accordingly, the said contracts may be considered, subject to the provisions of the Financing Agreement, as eligible for retroactive financing.

Procurement Plan (PP)

79. An initial draft Procurement Plan (PP), for the Financing Agreement, (attached as Annex 4-5), was prepared and accepted by the Bank. This PP covers the six (06) goods contracts relating to the supply of railway equipment, which had already been published, awarded, and signed by ONCF in accordance with the Borrower's Procurement System (BPS) and ONCF's Procurement Regulations. In line with the Bank's Procurement Operations Manual, procurement processes and contracts potentially eligible for retroactive financing must be identified and incorporated into the draft PP. Given the retroactive nature of the proposed financing, the PP is not intended to inform the market of new business opportunities. Rather, it serves as a reference, traceability, and fiduciary monitoring tool for the contracts selected for Bank financing. The simplified version of the PP will be published on the Bank's website following approval of the financing.

Procurement Risk and Capacity Assessment (PRCA)

80. As part of project preparation, the Bank assessed risks at the country, sector, and project levels, as well as the procurement capacities of the executing agency[12]. Since the operation concerns the retroactive financing of contracts already awarded and signed, this assessment primarily sought to determine the fiduciary acceptability of the Borrower's procurement system and of the processes already implemented. The findings of this assessment, corroborated by the independent review, informed the choice of the system applicable to the contracts concerned and the mitigation measures provided for in the PRCA Action Plan in Annex 4-5.

C. Financial Management, Disbursement and Audit Arrangements

Financial Management

81. At national level, financial management will be integrated into Morocco's public finance management system, which is deemed generally satisfactory. The system includes performance-based budgeting, credible multi-year planning, computerised expenditure management through the GID system, strict separation of functions between authorising officers and public accountants, and centralised treasury management through the Treasury Single Account. These arrangements are further reinforced by internal and external oversight services provided by the General Inspectorate of Finance and the Court of Auditors respectively.

82. At the operational level, financial management responsibilities of the project will be undertaken by ONCF's Finance Department, in coordination with the High-Speed Rail Projects Division, which is responsible for the technical implementation of the project. As a public industrial and commercial establishment, ONCF enjoys a legal status, as well as administrative and financial autonomy. It has governance and oversight structures, including a Board of Directors, a Strategy and Investment Committee, an Audit and Risk Committee, Governance Committee and General Management. Subject to the financial oversight provisions of Law No. 69.00 governing State financial control over public enterprises and related entities, ONCF maintains reliable systems for budget management, internal control, and financial reporting.

83. Under this financial management arrangement, the Bank's financing will be disbursed to the State budget through a Treasury account of the Kingdom of Morocco opened with Bank Al-Maghrib, before being made available to ONCF in accordance with the provisions of the 2024–2030 Memorandum of Understanding between the State and ONCF, as well as the disbursement modalities agreed with the Bank.

84. The project, which concerns the acquisition of railway equipment, is currently under implementation and involves nine (9) contracts, of which six (6) will be financed by the Bank under this operation. The procurement process for these six (6) contracts has already been validated by the Bank. The first of the six contracts eligible for Bank financing was signed in October 2024.

85. Project financial reporting will be based on half-yearly and annual financial statements prepared in formats to be agreed with the Bank. These reports will provide comprehensive financial information covering all financing sources retained under the project.

86. The assessment of the project's financial management arrangements concluded that the fiduciary risk is moderate.

[12] For further details, please refer to Annex 4-5.

Disbursement arrangements

87. The loan resources will be disbursed in accordance with the Bank's rules and procedures set out in the Disbursement Manual (2020). ONCF's Finance Department, which is responsible for the project's financial management, will prepare the required supporting documents in accordance with the provisions of the Bank's Disbursement Manual and transmit them to the Budget Department of the Ministry of Economy and Finance (MEF).

88. The disbursement methods provided under the Bank's Disbursement Manual, namely direct payment, reimbursement and the special account, will be applicable depending on the project's needs. Under the reimbursement and special account methods, the loan funds will be disbursed into the Treasury account of the Kingdom of Morocco opened with Bank Al-Maghrib.

89. The Ministry of Economy and Finance, through the Budget Department, which has extensive experience in managing Bank-financed operations and a proven command of its disbursement rules and procedures, is responsible for preparing and submitting disbursement requests to the Bank.

90. Retroactive financing*:* Following the Bank's no-objection, in May–June 2025, to the procurement processes relating to six (6) contracts for railway equipment already awarded and signed in accordance with the ONCF's procurement regulations, the Bank has agreed in principle to provide retroactive financing, retroactive financing will apply to eligible expenditures incurred and paid. This retroactive financing, limited at EUR 100 million, will cover payments made between October 2025 and the date of signature of the financing agreement for this operation.

Audit arrangements

91. Annual audits of the project's financial statements, covering Component A of the project and all financing sources, will be conducted by the General Inspectorate of Finance (IGF). Audit reports, including assessments of the internal control system, will be submitted to the Bank no later than six months following the end of the relevant fiscal year.

D. Monitoring and Evaluation

92. The project will be monitored and evaluated by ONCF using its existing institutional mechanisms for monitoring railway projects and a team, including a monitoring and evaluation specialist, with proven experience in managing and monitoring similar infrastructure projects. ONCF possesses adequate technical and operational capacity for project monitoring and evaluation, including data collection, analysis and reporting on both physical and financial implementation progress. The M&E system will be based on the indicators defined in the results framework for monitoring progress and assessing the achievement of the project's development objectives. The key output and outcome indicators are already included in ONCF's monitoring systems and operational databases, thereby facilitating their collection and regular updating. ONCF will produce half-yearly project monitoring reports covering implementation progress, results achieved, and constraints encountered.

93. The monitoring and evaluation system will include continuous monitoring mechanisms enabling early identification of implementation challenges and the formulation of appropriate corrective measures to ensure effective project implementation. The Bank's periodic supervision missions (a minimum of two missions per year) will also monitor implementation progress across all project components and assess performance against the agreed results framework indicators. Upon project completion, ONCF will prepare a completion report in accordance with the Bank's requirements and standards.

94. Monitoring/evaluation activities will be financed with project implementation, supervision and management resources. The costs associated with monitoring and evaluation have been incorporated into the overall project budget and are deemed appropriate for the scale and complexity of the funded activities. Overall, the project will therefore benefit from a robust and appropriately resources monitoring and evaluation system capable of ensuring effective implementation oversight and achievement of expected outcomes.

E. Governance

95. Morocco's overall country fiduciary risk is deemed moderate, reflecting generally satisfactory public finance management processes, including budget planning and budgeting, monitoring of budget execution, management accounting and reporting, review and control. No complaints have been received from bidders in connection with the procurement process. The Bank's procurement procedures and the management of contracts have been followed by the executing agencies. Furthermore, the supervision and audit reports have not identified any specific irregularities. The Bank will continue to ensure compliance with its rules and procedures governing procurement, disbursement and financial management. A mid-term review of the project will be conducted and a project completion report prepared.

F. Sustainability

96. ONCF's maintenance strategy is based on a preventive and planned approach designed to ensure asset management, safety, infrastructure availability, and financial sustainability. The primary objective is to **guarantee the safety of railway services, maximize infrastructure availability, and maintain operational performance** in terms of speed, punctuality, and network capacity. Maintenance activities are structured around a balanced combination of preventive maintenance, corrective maintenance, and scheduled renewal programmes. Operations are prioritised across three levels: Level 1 - **Routine preventive maintenance** to avert deterioration that could undermine safety or performance; Level 2 - **Condition-based maintenance**, including rehabilitation, partial replacement and major maintenance works; and Level 3 - **Scheduled renewals** involving complete replacement and major rehabilitation works. Funding for the established programme is provided through: (i) annual operating budgets for routine maintenance; (ii) investment budgets dedicated to infrastructure rehabilitation (level 2); and (iii) five-year budgets for complete renewals. Maintenance activities are managed and monitored, as appropriate, using the internal resources available at the regional or central level, depending on the complexity of interventions. ONCF allocates substantial amounts annually to the maintenance of its railway infrastructure and rolling stock.

97. Annual expenditure on maintenance of railway infrastructure, including tracks, overhead lines, signalling systems, engineering structures, stations, as well as conventional and multimodal stations, dry ports and logistics hubs, amounted to approximately MAD 850 million in 2024. The expenditure supports a national rail network comprising about 200 km of high-speed rail lines and nearly 3,800 km of conventional rail lines. In addition, expenditure on rolling stock maintenance amounted to approximately MAD 700 million in 2024, excluding investments planned under the rolling stock renewal and expansion programme. In this regard, ONCF plans to expand its rolling stock fleet significantly, including increasing the number of high-speed trains to 30 units and intercity TNR trainsets to 90 units. The new programme further includes the procurement of 50 metropolitan railcars for major urban areas, 40 high-performance intercity trains, and 214 new passenger coaches.

98. In the freight sector, ONCF plans to develop a fleet of 6,000 wagons to meet the needs of the industrial and agricultural sectors. The modernisation programme also includes 70 electric locomotives and 140 diesel locomotives, while retaining 18 shunting locomotives to support operational efficiency.

99. Given the technological complexity associated with high-speed rail operations, the Kingdom has adopted an approach centred on knowledge transfer and capacity development. The SNCF (French operator) has been selected as ONCF’s preferred partner in areas including project management assistance, technical integration, operational readiness, maintenance preparation, and project management. As a result, effective skills transfer has taken place, benefiting teams from ONCF and Moroccan engineering firms. Maintenance of the high-speed rail infrastructure is currently undertaken by 200 Moroccan railway staff, with staffing expected to increase to about 350 once operations are fully deployed. Meanwhile, rolling stock maintenance is managed through a joint venture with SNCF, with the objective of achieving full transfer of operational expertise by 2035. The Railway Training Institute (IFF), established in 2015 through an intergovernmental cooperation framework, provides specialized training for high-speed rail operators. The institute offers a comprehensive programme comprising over 140 training modules covering all skills required to operate the railway system, including the maintenance of the network and railway equipment.

100. The industrial offset clause included in contracts signed with manufacturers of railway equipment and rolling stock has contributed to the emergence of railway production capacity in Morocco, not only to meet ONCF's own needs but also to serve other operators across the continent. For example, a partnership with the Republic of Korea for the procurement of approximately 100 regional and local trains facilitated the establishment of a factory in Benguerir and contributed to the development of an integrated national railway ecosystem. Similarly, under the agreement signed between ONCF and ALSTOM, Alstom Morocco has officially become responsible for maintenance of the new-generation PRIMA M4 electric locomotives that require very little maintenance and offer high reliability and low lifecycle costs because of their modular design. In this regard, Alstom offers comprehensive operational support services for these locomotives, including the supply of spare parts, heavy maintenance, and comprehensive service packages. Through its new manufacturing facility in Fez, Alstom intends to expand production of railway wiring harnesses and electrical cabinets supplied to its European factories and incorporated into trains exported worldwide.

101. ONCF plans to invest nearly USD 1 billion between 2025 and 2027 in maintenance activities and construction of new industrial facilities for the renovation and construction of high-speed train engines and carriages. This initiative aims to sustain operational performance and to support ONCF's next phase of strategic development.

G. Risk management

102. **The main project risks** are primarily operational in nature and are assessed as low. They relate mainly to: (i) controlling operating costs, coordinating the equipment logistics chain, and managing raw material price volatility; (ii) aligning equipment acquisition with civil works implemented under separate contracts; (iii) ensuring the technical compliance of the railway equipment and its compatibility with existing infrastructure; and (iv) preventing unequal access to HSR services for vulnerable populations. **These risks will be mitigated through** ONCF's proven experience in delivering complex railway projects, a dedicated institutional arrangement within the Projects Division, an overall implementation schedule, rigorous technical specifications in the bidding documents, and pre-commissioning tests. To address the social accessibility risk, ONCF plans to develop a pricing model adapted to low-income users. The main risks and corresponding mitigation measures are presented in **Annex 4.2**.

103. ONCF will have primary responsibility for monitoring these risks, with support from the Bank on implementation coordination matters.

H. Knowledge-building

104. The key lessons to be learned from this project will derive from the monitoring and evaluation system to be established: (i) monitoring the progress of various actions by ONCF; (ii) analysing the extent to which the targeted development objectives have been achieved; and (iii) using modern tools to monitor the works. The reports produced on these aspects and validated by ONCF will be widely disseminated among the various stakeholders in this project.

5 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal instrument

105. The project's legal instrument is a loan agreement for t**wo hundred and five million euros** (**EUR 205,000,000),** to be concluded between the African Development Bank (hereinafter "the Bank") and the Kingdom of Morocco, acting as the Borrower.

B. Conditions for Bank intervention

106. **Conditions precedent to effectiveness of the AfDB loan:** Effectiveness of the AfDB loan agreement shall be subject to the Borrower fulfilling the conditions set out in Section 12.01 of the General Conditions applicable to the Bank's loan and guarantee agreements.

107. **Conditions precedent to first disbursement of the AfDB loan:** The Bank's obligation to make the first disbursement of the AfDB loan shall be subject to the Borrower fulfilling, to the Bank's satisfaction, the following conditions precedent:

- *Provide evidence of the appointment of for the members of the Project Management Unit (PMU), comprising: (i) a Project Manager, who will ensure the overall the overall coordination of the project; (ii) a financial management officer; and (iii) a procurement officer responsible for contract management;*
- *Provide evidence of the establishment of a Project Technical Steering Committee, within ONCF.*

C. Compliance with Bank policies

108. This project complies with all applicable Bank policies.

109. **African Development Bank Group Independent Recourse Mechanism:** Communities and individuals who believe that they have been adversely affected by an AfDB-financed project may file complaints with existing project-level grievance redress mechanisms or with the AfDB's Independent Recourse Mechanism (IRM). The IRM ensures that project-affected communities and individuals can file their complaints with its Office which shall determine whether harm occurred, or could occur, as a result of the AfDB's failure to comply with its own policies and procedures. To file a complaint or request further information, please contact: IRM@afdb.org or visit the IRM website (www.irm.afdb.org). Complaints may be filed with the IRM at any time after the concerns have been reported directly to the AfDB and Bank Management has had the opportunity to respond.

6 RECOMMENDATION

110. Management recommends that the Board of Directors approve the award of an AfDB loan of **two hundred and five million euros (EUR 205,000,000)** to the Kingdom of Morocco, for the purposes and under the conditions set out in this report.

7 . RESULTS FRAMEWORK

RESULTS FRAMEWORK

A PROJECT INFORMATION

PROJECT TITLE: **Railway Infrastructure Development Support Project in Morocco** *SAP CODE: **P-MA-DC0-017***	COUNTRY/REGION: MOROCCO/North Africa
PROJECT DEVELOPMENT OBJECTIVE: **Strengthen capacity and improve the operational performance of the Tangier-Kenitra-Casablanca-Marrakech rail corridor.**	
ALIGNMENT INDICATOR(S): (i) Regional Infrastructure Integration Index (0.55 in 2019 for Morocco, target 0.80 in 2030); (ii) Logistics Performance Index (LPI): 2.54 in 2019 for Morocco; target: 3.50 in 2030; (iii) Composite Infrastructure Development Index for Africa (2019: 64.87 for Morocco; target: 72.50 in 2030)	

B RESULTS MATRIX

RESULTS CHAIN AND DESCRIPTION OF INDICATORS	RMF/ADOA INDICATOR	UNIT OF MEASURE	BASELINE (2024)	TARGET AT COMPLETION (2030)	MEANS OF VERIFICATION
OUTCOME 1: Improvement of the operational performance of rail services on the Tangier-Kenitra-Casablanca-Marrakech corridor					
OUTCOME INDICATOR 1: Travel time of trains on the Tangier-Casablanca-Marrakech corridor	**X**	Time	5h 40mn	2h 45mn	ONCF Statistical Compendium – Semi-annual and annual data
OUTCOME 2: Increase in passenger traffic on the Tangier-Kenitra-Casablanca-Marrakech lines					
OUTCOME INDICATOR 2: Number of passengers transported on the Tangier-Casablanca-Marrakech lines	**X**	Millions of passengers/year	5,5	24	ONCF Statistical Compendium – Semi-annual and annual data
OUTCOME 3: Increase in freight traffic on the Tangier-Kenitra-Casablanca-Marrakech corridor					
OUTCOME INDICATOR 3: Increase in freight traffic on the Tangier-Casablanca-Marrakech lines		Millions of tonnes/year	20	25	ONCF Statistical Compendium – Semi-annual and annual data
OUTCOME 4: Contribution to economic development and job creation in the regions served					
OUTCOME INDICATOR 4.1 : Permanent jobs created (including women and young people)	**X**	Number	0	3,700 including 1,110 women and 1,300 young people (30% of whom are girls)	ONCF Statistical Compendium – Semi-annual and annual data

OUTCOME INDICATOR 4.2 : Indirect jobs created (including women and young people)	**X**	Number	0	4,000 including 1,200 women and 2,800 young people (30% of whom are girls)	ONCF Statistical Compendium – Semi-annual and annual data
OUTPUT STATEMENT: Strategic railway equipment supplied to enhance the capacity of the Tangier-Kenitra-Casablanca-Marrakech railway corridor					
OUTPUT INDICATOR 1: Supply of new rails to enhance the capacity of the rail corridor (lots 2 & 3)	**X**	Km	0	1000	Rail acceptance report and project activity reports
OUTPUT INDICATOR 2: Supply of track components for conventional lines	**X**	Number	0	48	Track components acceptance report and project activity reports
OUTPUT INDICATOR 3: Supply of track components for the high-speed line	**X**	Number	0	119	Track components acceptance report and project activity reports
OUTPUT INDICATOR 4: Supply of track components for the conventional lines	**X**	Number	0	575	Track components acceptance report and project activity reports
OUTPUT INDICATOR 5 : Supply of sleepers	**X**	Number	0	2,300,000	Sleepers infrastructure acceptance report and project activity reports
OUTPUT INDICATOR 6 : Supply of ballast	**X**	Metric Ton	0	5,700,000	Ballast acceptance report and project activity reports
OUTPUT INDICATOR 7 : Supply of rails for the high-speed line (lots 1)	**X**	Km	0	500	Rails acceptance report and project activity reports

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

AFRICAN DEVELOPMENT BANK GROUP
2023 ISS Update v01

A. Basic Information[13]			
Project Title: Railway Infrastructure Development Support Project		**Project SAP or TFMS Code:** P-MA-DC0-017	
Region: RDGN	**Country:** Morocco		
Project Sector Unit: Transport		**Lending Instrument:** Sovereign Guaranteed Loan	
Appraisal dates: 10-Mar-26 **to** 17-Mar-26		**Estimated Approval Date:** 10-Jun-26	
Task Team Leader: WADE Mouhamed El Abass		**Alternate Task Team Leader:** DIARRA Abdoulaye	
Environmental Safeguards Officer(s): FALL Mouhamadane | Ousmane FALL			
Social Safeguards Officer(s): xxxx | xxxx			
E&S Category: Category 3 (Low Risk)	**Operation Type:** Sovereign Operation / Public Sector Operation	**Financial Intermediary:** No	
Categorization Date: 13-Oct-25	**Categorization Date in ISTS:** 14-Oct-25	**Categorization Date in SAP:** 14-Oct-25	
Is this project processed under rapid responses to crises and emergencies?		No	
Is this project processed under a waiver to ISS requirement(s) requested by the Borrower/Client and granted by the Board?		No	

B. Disclosure and Compliance Monitoring B.1 Mandatory disclosure[14]	
Environmental and Social Assessment/Audit/System/Others: **Not applicable**	
Was/Were the document (s) disclosed ***prior to appraisal?***	**Not Applicable**
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Resettlement Action Plan (RAP)[15]: *Not Applicable*	
Was/Were the document (s) disclosed ***prior to appraisal?***	**Not Applicable**
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Stakeholder Engagement Plan (SEP)[16]: *Not Applicable*	
Was/Were the document (s) disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Pest or Vector Management Plan (PMP/VMP): *Not Applicable*	

[13] ***Note***: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*

[14] *For multiple disclosure dates of the same type of document/instrument (ESIAs, RAPs, etc), please indicate the date of the last disclosure that meets the 50%+1 disclosure requirement.*

[15] *Including Livelihood Restoration Plan (LRP)*

[16] *Including Grievance Redress Mechanism (GRM)*

Was/Were the document (s) disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Vulnerable Peoples Plan (VPP): *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Biodiversity Management Plan (BMP)[17]: *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Livelihood Restoration Plan (LRP)[18]: *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Riparian Communities Participation Plan (RCPP): *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Emergency Preparedness & Response Plan (EPRP): *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Hazardous/Medical Waste Management Plan (HWMP): *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date
Riparian Notification (RN): *Not Applicable*	
Was the document disclosed ***prior to appraisal?***	Not Applicable
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date

[17] Refer to footnote 212 of the ISS: Depending on the nature and the scale of the risks and impacts of the project, the Biodiversity Management Plan (BMP) may be a stand-alone document, or it may be included as part of the ESMP prepared under OS1. Select this if a standalone BMP is required.

[18] Refer to footnote 190 of the ISS: The Livelihood Restoration Plan (LRP) is normally part of the Resettlement Action Plan (RAP). However, for complex livelihood restoration, a stand-alone LRP can be prepared as part of the ESMP. Select this if a standalone LRP is required.

Date of disclosure by the Bank	Click to select the date
Environmental and Social Management Plan of the Financing Agreement (FA-ESMP) [19] : Not Applicable	
Was the document disclosed ***prior to appraisal?***	*Not Applicable*
Date of "in-country" disclosure by the borrower/client	Click to select the date
Date of receipt, by the Bank, of the authorization to disclose	Click to select the date
Date of disclosure by the Bank	Click to select the date

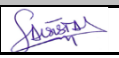
Is in-country disclosure of any of the above required documents not allowed as per the country's legislation or not expected because of crises/emergencies: Not Applicable
If applicable, please explain below:

Not applicable.

B.2. Compliance monitoring indicators

Has satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	**Not Applicable**
Has costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	**Not Applicable**
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized, and secured?[20]	**Not Applicable**
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	**Not Applicable**
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	**Not Applicable**

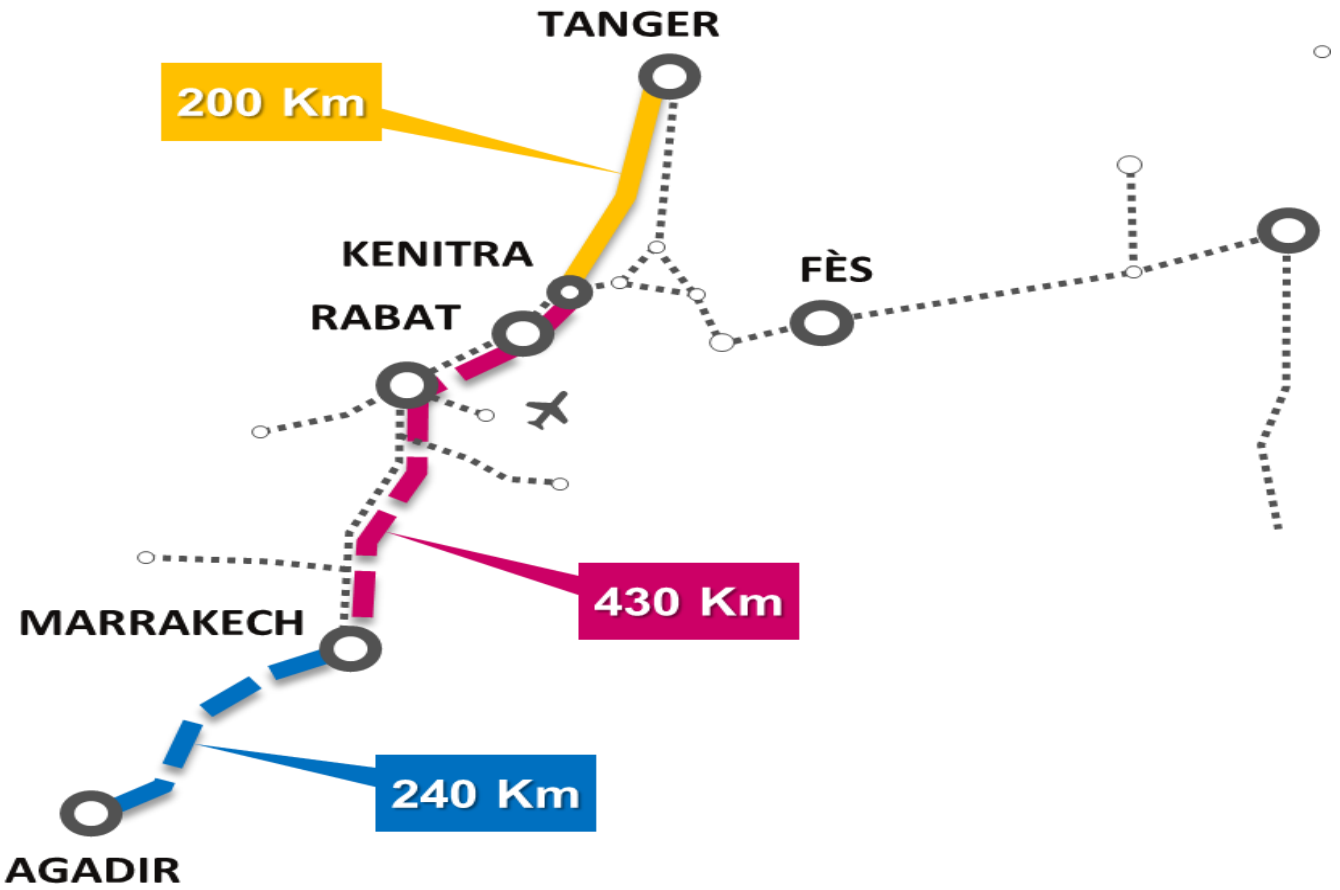
C. Clearance

Is the project compliant with the Bank's environmental and social safeguards requirements, and can be submitted to Approval?			**Yes**
Prepared by	***Name***	***Signature***	***Date***
Environmental Safeguards Officer(s):	**FALL Mouhamadane** | **FALL Ousmane**		20-Apr-26
Social Safeguards Officer(s):	**xxxx** | **xxxx**		20-Apr-26
Task Team Leader:	WADE Mouhamed El Abass		20-Apr-26
Submitted by			
Sector Director:	**Mike Salawou**		11-May-26
Cleared by			
Director SNSC:	**Maman-Sani ISSA**		11-May-26

[19] *As referred to in section III.2.3 of the Bank's Environmental and Social Policy (ESP)*

[20] *In case a Resettlement Action Plan (RAP) is/are not required although the Environmental and Social Impact Assessment (ESIA) is/are disclosed, attached the image/picture/photo of the area/site/landscape to evidence that it is free of any encumbrance (simple statement or letter from the borrower does not suffice), in addition to the statement by the Borrower that it is a public-owned land.*

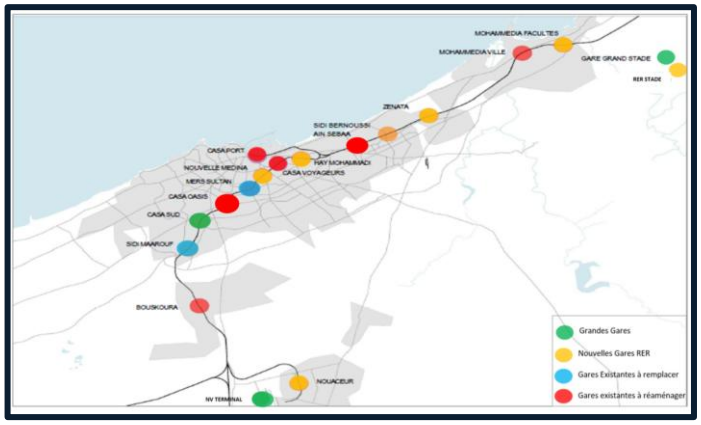
ANNEX 1. MAPS OF THE PROJECT AREA



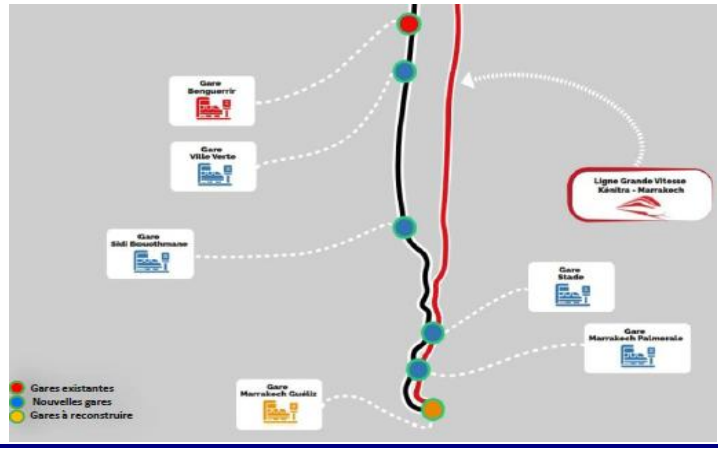
Metropolitan transport services

- *3 RER lines from Mohammedia/Casa Port to Nouaceur (departures every 7.5 minutes from Casa Voyageurs and every 15 minutes from Mohammedia and Casa Port);*
- *Regular service to Mohammed V Airport (one departure every 15 minutes)*
- *Increased services to Settat and El Jadida*

Casablanca region



Marrakech region



Rabat region

