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FOR INFORMATION

MEMORANDUM

TO : THE BOARD OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT : MOROCCO – RABAT-SALÉ AIRPORT MODERNISATION AND
EXTENSION PROJECT (PEMARS)

ADB LOAN OF EUR 75 MILLION

Please find attached for information the **Final version** of the Appraisal Report of the above-mentioned project as approved by the Board on 5 November 2018.

Attach:

Cc: The President

***Questions on this document should be referred to:**

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AFRICAN DEVELOPMENT BANK



RABAT-SALÉ AIRPORT MODERNISATION AND EXTENSION PROJECT (PEMARS)

COUNTRY : MOROCCO

PROJECT APPRAISAL REPORT

Date: September 2018

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AFRICAN DEVELOPMENT BANK



RABAT-SALÉ AIRPORT MODERNISATION AND EXTENSION PROJECT (PEMARS)

COUNTRY : MOROCCO

PROJECT APPRAISAL REPORT

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Currency Equivalents

[Date July 2018]

UA 1	=	EUR 1.2065
UA 1	=	MAD 13.3624

Fiscal Year

1 January to 31 December

Weights and Measures

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

Acronyms and Abbreviations

AFD	=	French Development Agency
AfDB	=	African Development Bank
AFESD	=	Arab Fund for Economic and Social Development
BD	=	Bidding Documents
EBRD	=	European Bank for Reconstruction and Development
EIB	=	European Investment Bank
EPIC	=	Public Industrial and Commercial Establishment
ERR	=	Economic Rate of Return
EU	=	European Union
EUR	=	Euro
FRR	=	Financial Rate of Return
GDP	=	Gross Domestic Product
HEQ	=	High Environmental Quality
IBRD	=	International Bank for Reconstruction and Development
IsBD	=	Islamic Development Bank
IGF	=	General Inspectorate of Finance
JICA	=	Japan International Cooperation Agency
KFAED	=	Kuwait Fund for Arab Economic Development
LPI	=	Logistics Performance Index
MAD	=	Moroccan Dirham
METLE	=	Ministry of Infrastructure, Transport, Logistics and Water
NPV	=	Net Present Value
ONDA	=	National Airports Authority
PDES	=	Economic and Social Development Plan
PP	=	Procurement Plan
PRST	=	Transport Sector Reform Programme
SFD	=	Saudi Fund for Development
STEP	=	Treatment and Purification Station
TFP	=	Technical and Financial Partners
UA	=	AfDB Unit of Account
WB	=	World Bank

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1. Client Information

<u>COUNTRY</u>	:	Morocco
<u>PROJECT NAME</u>	:	Rabat-Salé Airport Extension and Modernisation Project (PEMARS)
<u>PROJECT LOCATION</u>	:	Rabat-Salé
<u>BORROWER</u>	:	Office National Des Aéroports (<u>National Airports Authority</u>) (ONDA)
<u>GUARANTOR</u>	:	Kingdom of Morocco
<u>EXECUTING AGENCY</u>	:	Office National Des Aéroports (<u>National Airports Authority</u>) (ONDA)

2. Financing Plan

Source	Amount Net of Taxes (in EUR Million)	Instrument
ADB LOAN	75.00	Loan (project)
AFD LOAN	17.51	Loan
ONDA	78.49	Investment budget (counterpart financing)
TOTAL	171.00	

3. Key AfDB Financing Information

Loan currency	EUR a priori
Type of loan	Fully flexible loan
Maturity	To be determined (up to 25 years maximum)
Grace period	To be determined (up to 8 year maximum)
Weighted average maturity **	To be determined (depending on the depreciation profile, maturity and grace period)
Reimbursements	Equal half-yearly payments after the grace period or profile tailored to Borrower's needs
Interest rate	Base rate + financing cost margin + lending spread + maturity premium (This interest rate should be higher than or equal to zero)
Base rate	Floating six-month EURIBOR revised on 1 February and 1 August, with a free-floating base rate option
Financing cost margin	The Bank's financing cost margin revised on 1 January and 1 July, and applied on 1 February and 1 August with the base rate
Loan margin	80 basis points (0.8%)
Maturity premium	To be determined as follows: <ul style="list-style-type: none">- 0% if average weighted maturity <= 12.75 years- 0.10% if 12.75<average weighted maturity<=15 years- 0.20% if average weighted maturity >15 years
Front-end fee	0.25% of the loan amount payable latest 60 days following the effectiveness of the loan Agreement or on the date of first disbursement, whichever comes first.
Commitment fee	0.25% per year of the undisbursed amount. It shall become effective 60 days following the date of signature of the Loan Agreement and shall be payable on the due dates.

Base rate conversion option*	Besides the free-fixing option, the Borrower may revert to the floating rate or reset the rate on all or part of the disbursed amount of its loan. Transaction fees apply.
Rate cap or collar option*	The Borrower may cap or collar the base rate for all or part of the disbursed amount of its loan. Transaction fees apply.
Loan currency conversion option*	The Borrower may change the currency of all or part of its loan, whether disbursed or not, into another loan currency of the Bank. Transaction fees apply.

IERR (baseline scenario)	15.7%
NPV	MAD 1,857 million
IFRR, (baseline scenario)	9.7%
NPV	MAD 414 million

4. Timeframe – Main Milestones

Activities	(Month, Year)
Concept Note Approval	April 2018
Project Approval	November 2018
Signature of Agreement (latest)	February 2019
Project Completion	December 2021
Closing Date	December 2022

* Conversion options and the related transaction costs are governed by the Bank's conversion guidelines available at the following website: <https://www.afdb.org/fr/documents/document/guidelines-for-conversion-of-loan-terms-july-2014-87643/>

** A tool for calculating weighted average maturity is available at the following website: <https://www.afdb.org/en/projects-and-operations/financial-products/african-development-bank/loans/>

EXECUTIVE SUMMARY

Project Overview

1. The implementation of this project is consistent with efforts to develop the transport sector, including the continued upgrading and modernisation of infrastructure and services to boost the logistical competitiveness of the national economy. The Rabat-Salé Airport Extension and Modernisation Project falls within the framework of the National Airport Master Plan up to 2035 (*Ajwae* 2035) aimed at supporting various sector policies, especially: (i) the Tourism Vision 2020 targeting 20 million tourists by 2020 and which will have a strong impact on air traffic development; (ii) the Logistics Strategy aimed at positioning Morocco as a regional logistics hub in Africa ; and (iii) the Industrial Acceleration Strategy aimed at accelerating industrialisation through ecosystem-based development. The project is listed in the ONDA Investment Programme 2018-2022, and will help to meet air transport demand and needs mostly for economic and tourism activities. The project components are: (i) construction works and equipment of a new terminal; (ii) construction works of related facilities (aircraft parking areas, car parking lots, slip roads and access roads; and (iii) the supply and installation of terminal security and safety equipment. The implementation of project activities will span from January 2019 to April 2021. The total project cost, net of taxes and customs duty, is estimated at EUR 171 million. The project will be jointly financed by the Bank through an ADB loan of EUR 75 million (43.9%), the French Development Agency for EUR 17.51 million (10.2% of project costs) and *Office National Des Aéroports* (National Airports Authority) (ONDA) for EUR 78.49 million (45.9% of the project cost).

2. The project impact area covers the whole Rabat-Salé-Kénitra region ranked second after the Casablanca-Settat region in terms of demographics, with a population of 4,580,866 in 2014 (i.e. 13.53% of Morocco's total population). This area also covers the new Kénitra economic zone whose automobile and logistics industry will employ thousands of persons in the offshore tertiary sector. As a result, it must have good connections with the rest of the world. Furthermore, the project will generate more economic activities, tourism development and higher logistical competitiveness that will lead to job creation and a higher GDP.

Needs Assessment

3. As a direct consequence of Morocco's economic dynamism in recent years, the transport sector witnessed accelerated development, especially the air transport sub-sector where growing demand for air services was driven by the signing of the Open Skies Agreement with the European Union in 2006. Air passenger traffic on Rabat-Salé airport increased by 14% over the last ten years and 21.3% in the last five years. As per the baseline scenario of the Rabat-Salé Airport Master Plan, passenger traffic will witness average annual growth of 6% and by 2035, the traffic volume will be up to 3 million passengers and 5,500 tons of freight. Consequently, the airport infrastructure and equipment whose current annual handling capacity is 1.5 million passengers should be tailored to meet the projected traffic demand and provide quality service aligned on international standards. The project design followed the finalisation of detailed studies in February 2018. The studies concluded that it was necessary to undertake the planned investments.

Bank's Value Added

4. The Bank's sound knowledge of the air transport sector was gained through projects implemented in different regional member countries, including Morocco where it financed the first two airport projects that helped to improve airport infrastructure and air navigation safety. The third

airport project, which closed in November 2016, aimed to boost the operational capacity of airports through infrastructure upgrading, air navigation systems extension and strengthening of ground safety equipment. It focused mainly on the Fès, Agadir, Marrakech and Oujda airports. Therefore, the financing of this project is in pursuance of the Bank's intervention in Morocco. This intervention consolidates previous Bank operations and strengthens its experience and comparative advantage in the air transport sub-sector.

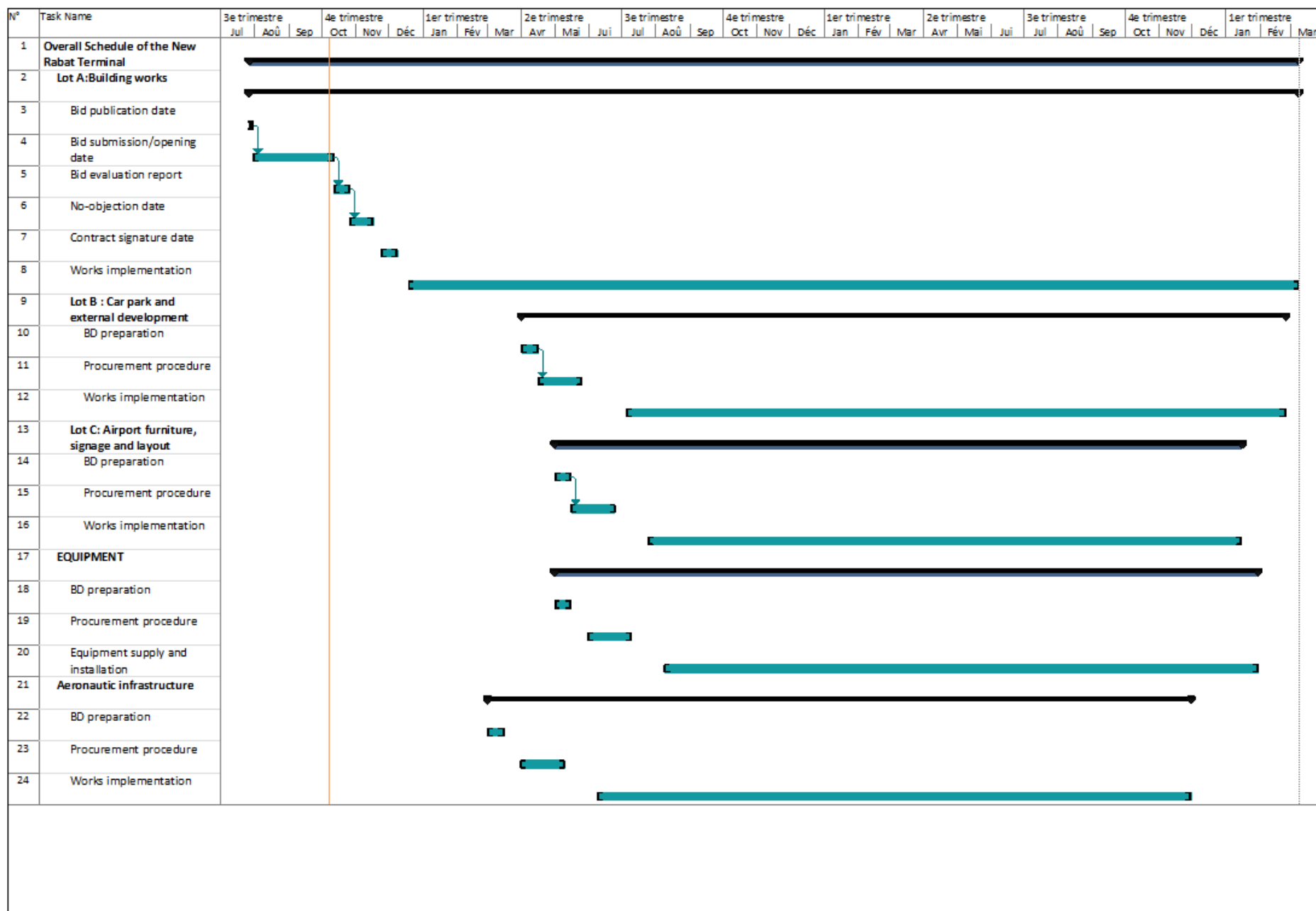
Knowledge Building

5. By virtue of its past operations seen in actions aimed at rehabilitating and extending operational capacity, and the institutional reforms undertaken which were deemed efficient and relevant, the Bank has become a strategic partner in the air subsector. This project is a continuation of those past operations and the relevant management-related experience acquired will be put to good use during its implementation. Specifically, with regard to training and knowledge building, ONDA's own internal pedagogic structures train national and foreign senior staff in the Mohammed VI International Academy of Civil Aviation, responsible for the technical training of ONDA staff. The continuing and further training of staff is handled under a multi-sector training plan prepared by ONDA. The Authority also has pedagogic partnership relations with international bodies like the International Civil Aviation Organisation (ICAO) and Airports Council International (ACI).

RESULTS-BASED LOGICAL FRAMEWORK

COUNTRY AND PROJECT NAME: MOROCCO - Rabat-Salé Airport Extension and Modernisation Project					
PROJECT GOAL: Contribute to the development of air transport infrastructure in Morocco					
	RESULTS CHAINS	PERFORMANCE INDICATORS			MEANS OF VERIFICATION
		Indicator	Baseline Situation	Target	
IMPACT	Air transport in Morocco developed, logistical competitiveness improved and contribution of tourism to GDP increased	1. Passenger traffic and freight in airports 2. Logistical performance index 3. Share of tourism in GDP	1.1. Country's total air traffic was 20.3 million passengers in 2017 1.2. Freight traffic of 81,408 T in 2017 in all airports 2. IPL = 2.67 in 2016 3. Share of tourism in GDP is 6.7% in 2017	1.1. Country's total air traffic = 70 million passengers in 2035 1.2. Freight traffic = 182,000 T in 2035 2. IPL = 3 in 2035 3. Share of tourism in GDP = 6.8% in 2035 (+MAD 71 billion – Ajwae Strategy)	Source: Ministry in charge of Tourism and Air Transport, ONDA Method : National economic and transport statistics prepared
					Risks (i) Slowdown in the development of tourism activities due to the international financial downturn and the economic situation of countries sending tourists Mitigation Measures (i) Pursuit of investment efforts and promotion of destination Morocco
OUTCOMES	1. Airport handling capacity increased and functionality improved	1.1. Annual volume of passenger traffic 1.2. Annual volume of freight traffic 1.3. Annual volume of aircraft movement traffic 1.4. Number of flights processed simultaneously at the airport terminal 1.5. ASQ (Airport Service Quality) score of the Rabat-Salé Airport	1.1. Passenger traffic was 923,576 in 2017; 1.2. 1,650 T of freight in 2017 1.3. 7,000 aircraft movements in 2017 1.4. Processing of 4 flights simultaneously in 2017 1.5. 2017 ASQ score: 4.09 / 5.00;	1.1. 1.6 million passengers in 2025 1.2. 2,800 T of freight in 2025 1.3. 11,218 aircraft movements in 2025 1.4. Processing of 6 flights simultaneously in 2021 1.5. 2021 ASQ Score: 4.20 / 5.00	Source: Ministry in charge of Tourism and Air Transport, ONDA Methods : • National statistics prepared, • Socio-economic surveys conducted • Satisfaction survey
	2. Creation of sustainable jobs	2. Number of jobs created, including for women	2. In 2017, 0 temporary job, 1,500 direct jobs and 3,000 indirect jobs, including 34% of women	2. During implementation period: 1,000 temporary jobs and by 2025: 1,700 direct jobs and 3,400 indirect jobs, 40% of them for women	
KEY ACTIVITIES	1. New passenger terminal constructed and equipped	1. New terminal constructed	1. New terminal in 2017: 0	2. New terminal in 2021 of +62,000 m²;	Source: Ministry in charge of Tourism and Air Transport, ONDA
	2. Aircraft parking bays extended and various networks and terminal equipment installed;	2.1. Number of aircraft parking bays 2.2. Number of car parking places 2.3. Number of equipment installed	2.1. Aircraft parking bays in 2017: 17 2.2. 600 parking places in 2017	2.1. Aircraft parking bays in 2021: 23 2.2. In 2021: 1,900 car parking spaces 2.3. In 2021: 6 ramps, STB installed	
OUTPUTS	3. Security and safety equipment installed	3. Security and safety equipment installed	2.3. Equipment in 2017: 0	3. In 2021: 12 RX hold luggage, 16 RX hand-held luggage, 7 LEDS, 7 EDS 3 body scan, 4 tomography machines installed	Methods: Reports of central and decentralised services
	4. Engineering studies completed	4.1 Number of project accounts audit reports 4.2 Project implementation progress	3. Equipment installed in 2017: 0 4. Detailed sketches in 2017 5.1. In 2017, audit and monitoring/evaluation reports = 0 5.2. In 2017: 0%	4. PE end-April 2018 5.1. Project accounts audit reports produced in 2021: 4 5.2. Project implementation progress: 40% in 2019, 80% in 2020 and 100% in 2021	
COMPONENTS					RESOURCES
A. Construction of new terminal B. Infrastructure C. Security and safety D. Studies E. Project management					Component A : EUR 127.73 million Component B : EUR 27.07 million Component C : EUR 7.08 million Component D : EUR 3.86 million Component E : EUR 5.26 million

Project Implementation Schedule



REPORT AND RECOMMENDATION OF BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING A PROPOSAL TO GRANT A LOAN TO *OFFICE NATIONAL DES AÉROPORTS* (NATIONAL AIRPORTS AUTHORITY) (ONDA) TO FINANCE THE RABAT-SALÉ AIRPORT EXTENSION AND MODERNISATION PROJECT

Management hereby submits this report and recommendation concerning a proposal to grant a loan of EUR 75 million to *Office National des Aéroports* (National Airports Authority) (ONDA), matched with a guarantee of the Kingdom of Morocco, to finance the Rabat-Salé Airport Extension and Modernisation Project (PEMARS) in Morocco.

I. STRATEGIC THRUST AND RATIONALE

1.1 Context

1.1.1 The transport sector is one of the key drivers of the Kingdom's economic growth and development, and is consequently high on the Government's agenda. It contributes, all modes considered: (i) up to 15% of State receipts; (ii) employs 5% of the labour force; and (iii) accounts for 5% of national GDP.

1.1.2 Among the different transport modes, air transport plays a special role in supporting tourism and industrial development. Morocco has successfully tapped into its strategic geographic position between significant air traffic flows. The Mohamed V Airport has imposed itself as one of the major hubs between Europe and West and Central Africa. Besides, air traffic in Morocco largely benefited from the Open Sky Agreement with Europe and has developed, thanks to the arrival of new low-cost actors that have developed point-to-point offer on major airports in the Kingdom. As with other national airports, the Rabat-Salé airport traffic has risen significantly with the arrival of budget airlines and one Gulf company.

1.1.3 Air traffic registered average annual growth of 6.2% between 2012 and 2017 when it registered an all-time high of 20.3 million passengers, increasing by 11.6% compared to 2016. Thus, developing airport infrastructure is one of the strategic thrusts of the different ONDA strategic plans to respond to air traffic demand.

1.2 Project Linkages with Country Strategy and Objectives

1.2.1 The implementation of the different sector plans launched by Morocco at country level (in particular, the Green Morocco Plan, the Industrial Acceleration Plan, the *Halieutis* Plan) and the signing of several free trade agreements with 55 trade partners has resulted recently in significantly higher logistical flows and freight needs. A case in point is the development of the automobile and aviation sector in terms of contribution to exports (166% growth over 6 years for the automobile and 59% for the aviation sector). Therefore, logistics infrastructure development in Morocco is among the priorities of Government's economic and social programme to support the competitiveness of the country's exports. This priority was crowned by the launching in 2010 of the national logistics strategy and the forging of a privileged partnership between public authorities and the private sector to better manage the flow of goods of SMEs, especially industrial SMEs. Hence, the transport and logistics sector's contribution to economic and social life in Morocco is on the rise. The sector currently accounts for nearly 5% of overall GDP and 9% of the tertiary sector's value added, generating up to 15% of State revenue and about 100,000 direct jobs.

1.2.2 Nevertheless, airfreight development remains marginal in Morocco and is highly concentrated in Casablanca airport. Although airfreight accounts for only 5% of exports due to limited competitive offer, it remains crucial for ensuring Morocco's proactive response in exports supply and the rapid transportation of products at controlled temperature, under the Green Morocco Plan. Casablanca airport handled 62,000 tons of freight in 2016, or 90% of the national total, which grows by 5% every year (overall sector growth was 15% in 2017). As indicated in the air freight master plan, the National Airports Authority (ONDA) plans to decongest transport offer, including freight, and to attain 100,000 tons in volume by 2020 and 182,000 by 2035. In this regard, four airports have been identified as priority platforms with a high growth potential for freight development in Morocco. The Rabat-Salé airport, which will be complementary with Casablanca and also ensure the development of the Kénitra zone for the centre; the Tangier airport as hub for the North zone; the Agadir airport for the South zone and Oujda airport for the Eastern zone.

1.2.3 This plan is estimated at nearly UA 32.16 million (MAD 430 million) for short-term investment and UA 32.91 million (MAD 440 million) for medium- and long-term investment, amounting to an estimated UA 65.07 million (MAD 870 million) in overall investments. The growth of air freight activity in the Rabat-Salé airport was over 10% yearly in the 2012-2017 period – attesting to potential demand and a need to strengthen infrastructure. This strategy is supported by operators. For example, Royal Air Maroc had dedicated two new aircraft for the freight business in 2017, which enabled it to triple its freight capacity from 25,600 tons to 77,000 tons. At Tangier in 2017, the operator DHL inaugurated a warehouse dedicated to freight with the establishment of daily flights.

1.2.4 Rolling out this master plan will also benefit the development of the tourism industry where the growing demand for air services on Rabat was propelled by the signing of the Open Skies Agreement with the EU in 2006. Thus, passenger traffic in Rabat-Salé airport grew by 14% over the last decade and by 21.3% over the last five years. According to the airport masterplan baseline scenario, the Rabat-Salé airport passenger traffic will grow on average 6% annually, reaching 3 million passengers by 2035. Consequently, it is necessary to adapt the airport infrastructure and facilities whose current capacity is only 1.5 million passengers per year, to enable it to face foreseeable traffic demand and provide quality service aligned on international standards.

1.3 *Rationale for the Bank's Involvement*

1.3.1 The project implementation is part of efforts to develop the transport sector, including the continued upgrading and modernisation of infrastructure and services to boost the logistical competitiveness of the national economy by reducing transport costs incurred during internal and external trade transactions. To further implement its air sector development, Morocco adopted a clear and ambitious strategy, the National Airport Master Plan until 2035 (*Ajwae* 2035). This strategy aims to support the different sector policies, including: (i) the Tourism Vision 2020 targeting 20 million tourists by 2020 and which will have a strong impact on air traffic development; (ii) the Logistics Strategy, which aims to position Morocco as the regional logistics hub in Africa; and (iii) the Industrial Acceleration Strategy aimed at successfully accelerating industrialisation by ecosystems-based development. The *Ajwae* Strategy 2035 hinges on several thrusts: improvement of airport infrastructure; training of qualified human resources; reduction of dependence on European markets by forging new inter-African links; and improvement of governance. At the operational level, *Ajwae* 2035 aims to increase the number of passengers to be hosted by 2035 to 70 million, widen airport capacity to 90 million passengers against 24 million in 2014, raise airspace handling capacity to 515,000 commercial movements against 150,000 in 2014, and the freight volume to 182,000 tons against less than 60,000 tons in 2014.

1.3.2 The modernisation and improvement of the Rabat-Salé airport capacity planned under ONDA's 2018-2022 Investment Programme is a priority of the air subsector. The project is an effective response to increased air traffic, tourism and economic potential. Financing the project is in pursuance of the Bank's interventions in Morocco. Developing the Casablanca, Marrakech, Fès and Agadir airport capacity, financed by the Bank, consolidates AfDB's past achievements and strengthens its comparative advantage in infrastructure. Based on its experience in designing and implementing similar projects on the continent, the Bank is in pole position to support the country to implement this project. The project is also among key operations listed under the Rabat Integrated Urban Development Programme called "Rabat, City of Lights and the Kingdom's Cultural Capital", one Morocco's anchor projects aimed at raising this city to the rank of the world's major capitals.

1.3.3 The Bank's CSP for the Kingdom of Morocco for the 2017-2021 period hinges on 2 pillars: (i) Pillar 1: Green industrialisation through SMEs and the export sector; and (ii) Pillar 2: Improvement of living conditions through employment for youth, women and in rural areas. The project rests on Pillar 1 whose main objective is to: (i) support the development of economic infrastructure to make export value chains more competitive; (ii) promote Morocco's economic integration into global markets (particularly with the rest of Africa); and (iii) support efforts to better connect the hinterland to export infrastructure to accelerate economic and social inclusion nationwide.

1.3.4 The project is consistent with: (i) the Bank's Ten-Year Strategy (2013-2022) designed to improve growth in Africa through the development of infrastructure, among others; and (ii) two High 5s, i.e. "Industrialise Africa" and "Integrate Africa", one of whose aims is infrastructure development, a prerequisite for the achievement of these priorities. Besides, traffic trends in the Rabat-Salé airport in terms of passengers, aircraft movement and freight traffic attest to the airport's potential in international and regional air traffic flows in support of the country's trade.

1.4 Donor Coordination

1.4.1 Apart from the Bank, several donors are involved in the transport sector in Morocco: the European Investment Bank (EIB), the Islamic Development Bank (IsDB), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD), the Arab Fund for Economic and Social Development (AFESD), the French Development Agency (AFD), the Japanese International Cooperation Agency (JICA), the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund for Development (SFD), the Abu Dhabi Fund for Development, Portugal, Italy, Spain and private French banks. The attached Annex 2 gives these donors' main commitments in Morocco.

1.4.2 Aid coordination in general is the preserve of the Ministry of Economy and Finance (MEF). In the transport sector specifically, it is handled by the key financial partners through a consultation mechanism consisting mostly of periodic meetings between the Bank and development partners represented in the country. Specific meetings are also organised between partners whenever necessary and during their missions to exchange sector-related information and the status of respective projects and programmes. These meetings are an opportunity for the Bank to coordinate and harmonise its sector interventions with those of other stakeholders. During project preparation and appraisal missions, meetings were held between the Bank and other partners, especially AFD which is a co-financier of this project, during which emphasis was placed on the project rationale and the need to support ONDA to implement its investment programme. Emphasis was also placed on the need to strengthen the coordination of financing packages to be rolled out through the existing mechanism that has been tried and tested during previous interventions in the transport sector in general, and in the air subsector in particular.

II. PROJECT DESCRIPTION

2.1 Project Objectives

2.1.1 The project's sector objective is to contribute to the development of air transport infrastructure in Morocco to meet the needs of passenger and freight traffic by 2035.

2.1.2 Specifically, the project targets: (i) an increase in Rabat-Salé airport's capacity; (ii) the improvement of quality of service to passengers and users; and (iii) the contribution to tourism and economic development of the project impact area (PIA).

2.2 Project Components

2.2.1 Activities are grouped under five (5) components as follows:

*Table 2.1
Summary of Project Components*

No.	Component Name	Description
A- Construction of a new terminal	A1 : Buildings A2 : Equipment	(i) Construction works of the new terminal (ii) Supply and installation of equipment: boarding bridges, processing of luggage, signage and information system, public address system and airport furniture
B- Infrastructure	B1 : Aviation infrastructure B2 : Related structures	(i) Works to widen the aircraft parking area, airport lighting (ii) Construction works of taxiways, access roads and car parking lots, including lighting in terminal areas developed
C- Safety and security	C – Safety and security	(i) Supply and installation of airport terminal safety and security equipment
D- Studies	D- Studies	Conduct of architectural, engineering, geotechnical, topographic and environmental studies, and technical control
E- Project management	E1: Supervision and coordination E2 : Audit of project accounts	(i) Monitoring and control of works including OPC, quality control of works, acceptance of facilities, technical audit and environmental monitoring (ii) Annual audit of project accounts

2.3 Technical Solutions Adopted and Alternatives Explored

The technical solutions adopted by component are:

2.3.1 Construction of the new terminal: Buildings are designed based on the passenger traffic to be handled on arrival and at departure. The architectural design was inspired by the new Marrakech airport terminal. The construction standards used take into consideration the nature of the soil, the dominant microclimate and appropriate materials, among other factors. The choice of terminal equipment to be installed (boarding bridge, luggage processing system, information system, signage and public address system, etc.) was based on the criterion of value for money and oriented towards new safety and security technologies. The search for alternatives was not absolutely indispensable.

2.3.2 Infrastructure: The selected infrastructure comprises: the widening of aircraft parking bays, airport lighting, construction of taxiways, access roads and extension of the car parking lot. Their

design is based on technical standards of proven effectiveness. The technical solutions adopted for this infrastructure also stem from the experience of the ONDA Engineering Directorate, which reiterated them.

2.3.3 *Air safety and security equipment*: The equipment concerned are: landside passenger control devices. Based on its experience in this area, ONDA opted for a technology that meets the requirements of an efficient system of passenger control on arrival and at departure. For that, it benefited from the expertise of specialised firms.

2.4 Project Type, Cost and Financing Arrangement

2.4.1 The Rabat-Salé Airport Extension and Modernisation Project (PEMARS) is an investment project involving infrastructure development works and the procurement of airport equipment. The proposed financing instrument is a project loan on ADB resources to be granted to *Office National des Aéroports* (National Airports Authority) (ONDA), matched with a State guarantee.

Cost Estimates

2.4.2 The project cost estimates, net of taxes and customs duty, is EUR 171 million. The unit cost of works was prepared while taking into consideration: (i) the outcomes of the detailed design and PE studies finalised in 2018; (ii) the unit costs obtained from bids during similar works undertaken in the country; and (iii) the implementation of works, planned for the 2019-2021 period. The provision for physical contingencies is kept at 10% of the base cost. The provision for price escalation (including various costs of the opening commission) represents 4.5% of the base cost and physical contingencies. Details of the estimated project cost are given in Annex B1. The costs are summarised in Table 2.3 below.

Table 2.2 - Summary Cost Estimates by Project Component

Component	MAD Million			UA Million			EUR Million		
	Foreign Exchange	Local Currency	Total NT	Foreign Exchange	Local Currency	Total NT	Foreign Exchange	Local Currency	Total NT
A. Construction of a new terminal									
A1- Buildings	762.39	326.74	1 089.13	57.06	24.45	81.51	68.84	29.50	98.34
A2- Equipment	99.08	42.46	141.54	7.41	3.18	10.59	8.95	3.83	12.78
B- Infrastructure									
B1. Aviation infrastructure	59.38	25.45	84.84	4.44	1.90	6.35	5.36	2.30	7.66
B2. Related structures	123.11	52.76	175.87	9.21	3.95	13.16	11.12	4.76	15.88
C- Safety and security	47.76	20.47	68.22	3.57	1.53	5.11	6.16	0.00	6.16
D- Studies	26.05	11.16	37.21	1.95	0.84	2.78	2.35	1.01	3.36
E- Project management	35.51	15.22	50.72	2.66	1.14	3.80		4.58	4.58
Base cost	1 153.27	494.26	1 647.53	86.31	36.99	123.30	102.77	45.99	148.76
Physical contingencies	115.33	49.43	164.75	8.63	3.70	12.33	10.28	4.60	14.88
Price escalation including miscellaneous (opening commission)	57.09	24.47	81.55	4.27	1.83	6.10	5.09	2.28	7.36
Total	1 325.69	568.15	1 893.84	99.21	42.52	141.73	118.14	52.86	171.00

2.4.3 Details of the project cost by expenditure category are given in Annex B1, and summarised in Table 2.3 below.

Table 2.3 – Summary Project Costs by Expenditure Category

Expenditure Categories	UA Million			EUR Million		
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total
A. Works + Equipment	70.71	30.31	101.02	85.32	36.56	121.88
B. Goods	10.99	4.71	15.70	15.11	3.83	18.94
C. Consultancy services	4.61	1.97	6.58	2.35	5.59	7.94
Base cost	86.31	36.99	123.30	102.78	45.98	148.76
Physical contingencies	8.63	3.70	12.33	10.28	4.60	14.88
Price escalation including miscellaneous (opening commission)	4.27	1.83	6.10	5.09	2.28	7.36
Total	99.21	42.52	141.73	118.15	52.86	171.00

Table 2.4: Expenditure Categories Financed by the Bank

Expenditure Category	UA Million				EUR Million			
	Base Cost	Physical Contingencies	Price Escalation including miscellaneous	Total NT	Base Cost	Physical Contingencies	Price Escalation including miscellaneous	Total NT
Works	62.16	5.41	2.67	70.24	65.25	6.53	3.22	75.00
Equipment	0	0	0	0	0.00	0.00	0.00	0.00
Services	0	0	0	0	0.00	0.00	0.00	0.00
Total AfDB	62.16	5.41	2.67	70.24	65.25	6.53	3.22	75.00

Financing Arrangement

2.4.4 The project is estimated to cost EUR 171 million. The Bank will finance the project to the tune of EUR 75 million, representing 43.9% of total project cost. ONDA received an AFD loan of EUR 50 million to finance safety and security equipment in 8 airports, of which EUR 17.51 million (10.24% of the project cost) will be used to finance the safety and security equipment of the new Rabat-Salé airport terminal. ONDA will finance EUR 78.49 million with own resources, or 45.9% of the project cost. The project sources of financing are presented in Table 2.5 below.

Table 2.5 – Project Source of Financing (in EUR million)

Source of Financing	Amount	%
AfDB	75.00	43.86%
AFD	17.51	10.24%
ONDA	78.49	45.90%
Grand Total	171.00	100.00%

Expenditure Schedule

2.4.5 The expenditure schedule: (i) by source of financing is presented in Table 2.6 below; and (ii) by project component in Annex B2.

Table 2.6 – Expenditure Schedule by Source of Financing (EUR million)

Sources of Financing	2019	2020	2021	2022	TOTAL
AfDB	26.25	33.75	9.75	5.25	75.00
AFD*	6.13	7.88	2.28	1.23	17.51
ONDA	27.47	35.32	10.20	5.49	78.49
Total	59.85	76.95	22.23	11.97	171.00
%	35%	45%	13%	7%	100%

*The expenditure schedule relating to the AFD financing is indicative

2.5 Project Area and Beneficiaries

2.5.1 The project impact area covers the Rabat-Salé-Kénitra Region, ranked second after the Casablanca-Settat Region in terms of demographics, with a population of 4,580,866 in 2014, i.e. 13.53% of the country's total population, comprising 69.83% urban, 30.17% rural and 1,015,107 households. Administratively, the Rabat-Salé-Kénitra region is one of Morocco's twelve regions since the territorial division of 2015. It covers an area of 18,491 km² (or 2.6% of the country's total area). Apart from the Khemisset, Sidi Kacem, Sidi Slimane and Kénitra Provinces, the Rabat-Salé-Kénitra Region has three prefectures: Rabat, Salé and Skhirat-Témara. The project is located in Laayayda District, Laayayda Municipal Council ("*Commune*"), Salé Prefecture. The project impact area includes the new Kénitra economic zone whose automobile and logistics industry will employ thousands of persons in the tertiary and offshore sector, and which must have good connections with the rest of the world. The region will benefit from the development of air freight and a boost in logistics and industrial competitiveness.

2.5.2 In 2014, the Rabat-Salé-Kénitra region's gross domestic product (GDP) was MAD 150.7 billion, a 7.1% increase over 2013. With this GDP, the region contributes 16.3% to the Kingdom's wealth. The distinctive feature of the region's economy is the value added of the tertiary sector, which represents 64.8%. This value added contributed 19.8% of the national value added of tertiary sector activities in 2014. The region is also one of Morocco's key tourism hubs and mainly positioned in business and cultural tourism. This region also includes the new Kénitra economic zone with an automobile and logistics industry that will employ thousands of persons and must have solid connections with the rest of the world.

2.5.3 The project's main beneficiaries are: (i) ONDA- a public establishment responsible for airport investments and for the management and operation of Morocco's airport infrastructure and equipment; (ii) airlines and airport users who will enjoy significant time gains due to rapid handling of traffic as well as good conditions of comfort, safety and security; (iii) commercial and service companies for whom new opportunities will be offered within the airports; (iv) the tourism and handicraft sectors; and (v) the local population who will be the first beneficiaries of jobs created, especially women who are very active in the crafts, distribution shops and public space maintenance workers.

2.6 Participatory Approach in Project Identification, Design and Implementation

2.6.1 The participatory approach was adopted in all project stages. Different stakeholders were consulted during the conduct of detailed engineering studies and in the course of the project preparation mission. These meetings were supplemented by opinion polls conducted in 2018 during the project's environmental and social impact assessment. It emerged that general opinion favours the implementation of all project components. Besides, the satisfaction survey conducted on service users

(passengers, concession holders and airline companies) indicate a very significant level of satisfaction with the service quality in the Rabat-Salé airport and consequently for investments to be made therein.

2.7 *Consideration of Bank Group Experience and Lessons Learned in the Project Design*

2.7.1 The Bank's portfolio in Morocco comprises 26 operations for net commitments of about UA 1.71 billion (EUR 2.1 billion). Total loans amount to UA 1.62 billion (or over EUR 2 billion) for 14 projects, including one non-sovereign operation. The portfolio also includes 12 technical assistance operations: 11 financed by MIC-TAF, one (1) operation by the African Water Facility and one FAPA grant. The conclusion of the Country Portfolio Performance Review (CPPP) at end-2017 indicates that the overall score of the Bank portfolio performance in Morocco in 2017 was highly satisfactory. The overall disbursement rate was up to 63% on 5 May 2018. Throughout 2017, the portfolio in Morocco ranked among the Bank's best performing. Disbursement projections suggest an overall disbursement rate of nearly 70% by end-2018. Compliance with loan conditions was highly satisfactory in 2017. The average time for loan effectiveness continues its downward trend, falling from 4.4 months in 2016 to 4.3 months in 2017, and then to 3.8 months as of March 2018 (which is lower than the maximum period of 6 months required under PD_02/2015). The average age of operations stood at 4 years as of May 2018. Therefore, the portfolio in Morocco contains no aging projects.

2.7.2 Fifteen (15) transport sector interventions amounting to UA 1.39 million (USD 2 billion) have been undertaken since the Bank was established. These operations, which concerned three modes of transport (land, air and sea), involved upgrading and strengthening the sector. Furthermore, they targeted institutional reforms, especially furthering liberalisation, enhancing competitiveness, professionalisation and ending monopolies. The active transport sector portfolio whose performance is deemed satisfactory, comprises 2 rail subsector operations and one port sector operation totalling approximately UA 410 million. The Bank's good knowledge of the air transport sector comes from projects implemented in different regional member countries, including Morocco where it financed the first two airport projects that helped to improve airport infrastructure and air navigation safety. The third airport project closed in November 2016 aimed to strengthen the operational capacity of airports by upgrading infrastructure, extending the air navigation system and strengthening ground safety installation. It mainly concerned Fès, Agadir, Marrakech and Oujda airports. Therefore, this project financing is a follow-up to the Bank's intervention in Morocco. It will consolidate previous achievements, and further strengthen its experience and comparative advantage in the air transport sub-sector.

2.7.3 The following key lessons can be drawn from implementing projects in the transport sector, particularly in the air transport subsector: (i) the need to have good quality detailed studies to improve quality at entry of projects; (ii) the need to comply with project procurement and implementation timeframes, and perform audits to avoid cost overruns and the risk of suspension of disbursements; and (iii) the need to establish a project management team with adequate resources for speedy project implementation. The project design reflected these lessons and those drawn from Bank interventions in other countries. For quality at entry, costs were determined after detailed engineering studies and based on the unit costs stated in similar ongoing works and infrastructure contracts, with more realistic provisions for physical contingencies and price escalation. A project management team was set up to ensure speedy project implementation.

2.8 *Key Performance Indicators*

2.8.1 The key indicators identified are those featuring in the logical framework, with deadlines. They concern: (i) the trend of international, intra-regional and domestic air traffic; (ii) the logistics

performance index; (iii) the share of tourism in GDP; (iv) the airport's annual traffic trend (passenger, freight and aircraft movement); (v) the improved functionality of the airport expressed in the number of flights processed simultaneously at the airport terminal and the number of passengers handled on time; and (vi) the rate of creation of direct and indirect jobs.

2.8.2 Apart from these outcome indicators, implementation performance indicators will be prepared and monitored, mainly: (i) procurement timeframes; (ii) project implementation deadlines; and (iii) the disbursement trends measured against the expenditure schedule.

III. PROJECT FEASIBILITY

3.1 Economic and Financial Performance

Economic Analysis

3.1.1 The project's economic analysis is based on a socio-economic assessment that measures project outcomes in terms of costs and monetary benefits for the community. The economic performance indicator adopted is the economic rate of return (ERR), calculated for the entire project using the cost/benefits method between the "project" and "no project" situations over thirty (30) years, from the year of first investment. Account was taken of a net present value of 8% and a residual value of 44% capturing infrastructure and equipment whose life span was still ongoing at the end of the 30-year calculation period. Data considered include: (i) investment costs, net of taxes, linked to works and physical contingencies; (ii) project-related operating costs; and (iii) quantifiable economic benefits, comprising receipts generated by: (a) higher turnover linked to additional passenger and freight traffic; (b) time gains linked to the project; (c) lower costs linked to accidents, as well as lower vehicle operating expenses; and (d) direct and indirect jobs created in the airport extension construction and operational phases. Table 3.1 below summarises the economic analysis, details of which are given in Annex B7.

Table 3.1 - Summary Economic Analysis

<i>Project's economic rate of return (ERR) (in percentage)</i>	15.7%
<i>Net present value (NPV) (in MAD Million)</i>	1,582
<i>Discount rate</i>	8%

Analysis of Project Financial Performance

3.1.2 The internal financial rate of return (IFRR) is the core indicator used to assess the project's financial performance. Considering the investment cost at current prices and the receipts generated by the project (travellers, freight) and assuming a real discount rate of 8%, the net present value (NPV) stands at MAD 414 million. For its part, the IFRR for the 2021-2040 period is 9.7%. Table 3.2 below summarises the financial analysis detailed in Annex B7.

Table 3.2 – Summary Financial Analysis

<i>Financial rate of return (IFRR)</i>	9.7%
<i>Net present value (NPV) in MAD million</i>	414
<i>Discount rate</i>	8%

3.2 Environmental and Social Impact

Environment

3.2.1 Based on the Bank's Integrated Safeguards System, the project was classified under Category 2 on 07/05/2018, based on the following rationale: (i) the project does not include the creation or extension of take-off/landing runway; (ii) the necessary land for the project belonging to ONDA, is smaller than 2,000 ha and is free of any form of occupancy; (ii) there is no impact on any ecosystemic system or protective/sensitive area; (iv) the airport is ISO 9001 and 14001 (2004 version) compliant since July 2012, and is endowed with an integrated operational Quality and Environment management policy correctly implemented by the operational department and the quality department.

3.2.2 Pursuant to the provisions of Law No. 12.03 in force in Morocco, only airport construction projects are subject to the conduct of an environmental impact assessment. However, since the law does not include projects to extend existing infrastructure, the Bank consulted and agreed with the environmental assessment services of the Regional Directorate of Environment that an environmental assessment will be prepared alongside an Environmental and Social Management Plan (ESMP) in line with the Bank's policy. The assessment will be subject to a public survey and consultations with stakeholders to seek their views. Lastly, it will be presented to the national committee for review, with a view to obtaining an Environmental Acceptance Certificate.

3.2.3 In accordance with the Environmental and Social Assessment Procedure (ESAP) 2015, the summary Environmental and Social Management Plan (ESMP) was published on the Bank's website on 6 August 2018. The Bank also published the main document used in preparing the summary for public attention.

Positive Impacts

3.2.4 In terms of positive impacts, the project is expected to help: (i) increase the reception capacity of the airport, making it possible to meet the growing air traffic needs; (ii) improve the conditions for handling passengers and servicing the Rabat-Salé region; (iii) develop the tourism sector through the extension and modernisation of the Rabat-Salé airport (attraction of national and international tourists); (iv) improve direct and indirect revenue generated by various services rendered to airport-based firms and services associated with airport activities (land transport sector, tourism, investments); (v) consolidate local tourism investments, while strengthening basic infrastructure, especially reception facilities; (vi) concretise the royal vision to make Rabat "the City of Lights, Morocco's Cultural Capital"; (vii) strengthen the Rabat-Salé-Kénitra region as a tourist destination; and (ix) encourage national and foreign investment, and consequently develop the local and regional economy.

3.2.5 Other positive impacts will include the creation of direct and indirect jobs, and improvement of indirect revenue generated by services rendered by airport-based firms and services associated with airport activities (land transport sector, tourism, investments, etc.).

Negative Impacts

3.2.6 Based on on-site prospection and an analysis of the project area's biophysical, socio-economic and ecological components, the potential project-related negative impacts are generally in the works phase and will be limited, including: (i) the risk of increased road traffic in the project area compared to the initial state, especially for the supply of base materials and overburden removal. This

impact will be mitigated by complying with the schedule for moving in base materials and removing overburden, and by reducing the period of earthworks to the barest minimum; (ii) the risk linked to sound nuisance, due to demolition and excavation works. This impact will be mitigated by complying with the developer's requirements that impose the use of methods and materials of high technical and mechanical quality (low noise emissions); and (iii) the risk linked to the generation of dust, an impact that will be offset by watering done at the same time as works.

3.2.7 Contractors will be subject to specifications established by ONDA as regards quality, safety, hygiene, rational work site organisation and environmental compliance, to avoid any likely negative impact during the airport extension works.

3.2.8 During the operational phase, the facilities will be managed in accordance with airport best practice. The developer has envisaged that management will comply with quality, safety, hygiene and environmental standards. Hence, the potential negative impacts during this phase will be limited or actually negligible, compared to the projected positive impacts.

Land Expropriation and Acquisition

3.2.9 The necessary right-of-way for the construction of the airport terminal and aircraft/vehicle parking bays is inside the current airport site, an area that is already totally fenced. This area also includes a 5-m buffer zone fenced and secured by video-surveillance equipment and the presence of guards. Site inspection made it possible to observe that the site is free from all forms of illegal occupancy. The project does not plan to create new access roads to the airport or deviations of existing roads, and does not infringe on any public or private land.

3.2.10 As presented, the project does not induce any impact on land. Hence, no physical and/or economic expropriation is envisaged.

Climate Change

3.2.11 The dynamism witnessed by Morocco in terms of the anchor airport infrastructure development projects implemented, has induced a steady growth of demand for energy that the Kingdom of Morocco is addressing by substituting part of its energy consumption with green energy targeting 52% by 2030. The project is classified under climate category 3, following the Bank's CCS.

3.2.12 The construction of the Rabat-Salé airport terminal will follow the same energy-saving approach used during the construction of the Marrakech Menara terminal inaugurated in December 2016, namely: (i) putting in place double-skin façades; (ii) including passenger patios; (iii) adopting natural and mechanical ventilation; (iv) installing tinted anti-UV glass panes; (v) installing natural lighting; and (vi) installing a rainwater collection system.

Measures for reducing aircraft CO2 emissions

3.2.13 To reduce CO2 emissions due to increased air traffic induced by the project, several measures are considered by the project: (i) allocation of direct routes at cruise level; (ii) design of new approach procedures for aerial climbing and descent: Continuous Descent Operations (CDO) and Continuous Climb Operations (CCO); (iii) minimising of the ground running time of aircraft on movement areas; and (iv) commissioning of the approach RADAR to reduce flight time. Besides, the Rabat-Salé airport is listed by ONDA in the carbon accreditation programme for 2018-2019, which will guarantee compliance with international standards of carbon dioxide emissions in this airport.

Employment, Social Sector

3.2.14 The Rabat-Salé Airport Extension and Modernisation Project will help to create jobs in areas such as commerce and tourism. Potentially, this will foster an increase in GDP through transport, sundry services, handicraft, lodging, catering services and other light industries.

3.2.15 Jobs generated by an airport platform can be divided into two categories: direct and indirect. The level of jobs is highly contingent on the scope of airport activity. Thus, extending the airport platform will generate service-related direct jobs (ground services, air traffic control, freight, airlines, catering services, commercial activities inside the airport) as well as indirect jobs from activities that depend heavily on air service (tourism, agriculture and exports).

3.2.16 It is estimated that 1,000 temporary jobs will be created during this project's construction phase. During the operational phase, 5,100 jobs will be provided across all sectors in 2025, including 1,700 direct jobs and 3,400 indirect jobs, at the rate of 1,000 jobs per million passengers, of which 40% occupied by women.

Gender

3.2.17 Despite persistent gender inequalities in some areas, Morocco has made significant efforts in the gender sector. Thanks to constitutional and normative reforms rolled out in the past two decades, significant progress has been achieved in terms of Moroccan women's participation in development. Within ONDA, women's empowerment and the fight against gender-based discrimination is entrenched in practice (of a total labour force of 2,300 workers, 532 are women, i.e. 23%). The Rabat-Salé airport staff strength comprises 118 ONDA workers, of which 40 women, i.e. 34%. With gender mainstreaming in the ONDA recruitment policy, this proportion is on a steady rise.

Involuntary Resettlement

3.2.18 The project does not provide for the involuntary resettlement of the population since works will be carried out within the airport premises. Atmospheric modelling corroborated that the increase in air traffic will not generate any acoustic inconvenience to the surrounding villages. Therefore, resettlement will not be necessary.

IV. PROJECT IMPLEMENTATION AND MONITORING/EVALUATION

4.1 Implementation Arrangements

Executing Agency

4.1.1 The project executing agency is ONDA, which has long-standing experience with implementing similar operations. However, given the constraints noted during implementation of the third airport project, a Project Management Team (PMT) will be established within ONDA to steer and control the general implementation of the project. The PMT's main task will be to: (i) prepare relevant documents enabling ONDA to fulfil the conditions precedent to first disbursement; (ii) prepare procurement dossiers to be submitted to the Bank for no-objection opinion; (iii) ensure compliance with the project implementation schedule; (iv) prepare project progress reports; (v) prepare counterpart funding budgets and ensure their availability within prescribed timeframes; (vi) ensure the project's financial management (verification of payments, transmission of direct payment requests to the Bank, ensuring compliance with the payment timeframes indicated in the contract

specifications and the timely deposit of project accounts and financial audit reports); etc. The PMT staff will comprise: (a) a Project Coordinator; (b) a Civil Engineer, specialised in works; (c) an Environmental Officer; (d) an Accountant from the Directorate of Finance; and (e) a Procurements Officer from the Procurement Unit (PU).

4.1.2 The Bank received and approved the decision appointing members of PMT, based on the CVs proposed. The Bank requested ONDA to transmit to it a procedures manual specifying each member's tasks and the PMT's *modus operandi*. *Preparation of a procedures manual on PMT operation shall be a loan condition*. The PMT will be supported in its tasks by works control and monitoring firms to be recruited with ONDA's own resources.

Institutional Arrangements

4.1.3 ONDA is an autonomously managed industrial and commercial public establishment (EPIC). The transitional phase following the Strategic Plan for the 2014-2017 period defines its vision as follows: "Succeed in our mission while making ONDA an exemplary public establishment, a leading reference in all its spheres of activity". The vision pursues objectives and strategic thrusts contained in five (5) focus areas in the airport subsector: (i) restoration of stakeholder confidence; (ii) governance, organisation and human resources; (iii) refocusing of the investment plan; (iv) strengthening of the customer-oriented culture; and (v) international cooperation. After this transitional phase, ONDA prepared a new economic model for its 2018-2022 strategy, set out as State-ONDA programme contract that will be forwarded to the Bank as soon as it is approved.

Procurements

4.1.4 *Applicable procurement policy and framework:* Works financed by Bank resources as part of this project will be procured pursuant to the Procurement Policy for Bank Group-funded Operations (AfDB Policy), October 2015 edition, and the provisions to be mentioned in the financing agreement. Pursuant to AfDB Policy, construction works of the new Rabat-Salé airport terminal will be procured in accordance with the Bank's Procurement System (AfDB System), using the Bank's standard bidding documents for the procurement of works (September 2010 version, updated in December 2017)

4.1.5 *Procurement capacity and risk assessment:* During project preparation, the Bank assessed: (i) risks at country, sector and project level; and (ii) ONDA's capacity. The outcomes of the assessment led to the conclusion to use the Bank's procurement system to procure construction works of the new Rabat-Salé airport terminal, the only procurement financed by Bank resources as part of the project.

4.1.6 *Procurement Plan (PP):* An 18-month procurement plan (PP) was submitted to and accepted by the Bank (Annex B5).

4.1.7 *Advance Contracting (AC):* In light of scheduling constraints linked to the Borrower's agenda and in a bid to comply with PD 02/2015 regarding speeding up project implementation, ONDA requested to use advance contracting (AC) to procure construction works for the new Rabat-Salé, in accordance with the provisions of Article 11.2 of the Bank Policy. Following Bank's approval of the AC dated 11 July 2018, ONDA proceeded to publish a bid invitation for the procurement of the said works. Details of the procurement methods are presented in Annex B5.

Disbursement

4.1.8 Requests for disbursement of Bank loans will be presented as per the provisions of the Bank's disbursement manual. Disbursements under the single construction works contract for the new airport terminal will be made using the direct payment method. The letter of disbursement will set out additional instructions and detailed procedures to be followed to withdraw funds. The Bank reserves the right to take precautionary measures in accordance with the general conditions to suspend disbursements if its fiduciary requirements are not met.

Financial Management

4.1.9 The project's financial management will be handled by ONDA through the Project Management Team (PMT) and the Directorate of Finance (DF). Hence, the project's financial management will be an integral part of that of the executing agency, which operates based on the following formalised mechanisms: (i) budget planning of investment activities handled by the technical directorates involved; (ii) monitoring of budget implementation by the technical directorates involved and the management control division; (iii) a process of internal control with a formalised built-in expenditure control circuit; (iv) periodic reporting with detailed statements on the project status; (v) an information system comprising several integrated Oracle systems and extra-accounting situations, which together enable preparation of interim financial statements (statements on commitments and payments per contract) and annual project financial statements (ERR, ...); and (vi) an external audit by an independent audit firm of ONDA's accounts and counterpart contribution, as well as of funds granted by the Bank. These mechanisms will be formalised in a specific project procedures manual. They guarantee transparency, traceability, heritage protection and reliable financial information on funds invested for project implementation. In addition, the Ministry of Economy and Finance will monitor the budgetary risk and control environment in place, through DEPP and the Court of Auditors.

Audit Arrangements

4.1.10 The audit of project financial statements covering all sources of financing (Bank and counterpart funds) will be performed yearly by an independent external auditor, pursuant to terms of reference for the audit of Bank Group-funded investment operations. Project audit reports, including internal audit reports, will be transmitted to the Bank within six months following the closure of the fiscal years to which they relate. The project management team within ONDA will ensure adequate planning of the audit mission and monitor the implementation of audit recommendations. It will recruit the independent external auditor based on terms of reference approved according to Bank rules and procedures. The audit contract will not exceed 3 years and continuation of the auditor's services will be contingent on the Bank's acceptance of the first audit report.

Implementation and Supervision Schedule

4.1.11 The project implementation schedule is presented on Page (vii) of this report. It takes into account the relevant experience acquired by the executing agency in managing works implementation deadlines and procurement of aviation equipment as well as the Bank's experience in processing the dossiers of similar past projects. According to projections, project activities will commence upon approval of the loan expected in November 2018, and will end in December 2022 for all components. It is worth noting that ONDA has already signed contracts with consultants tasked with works monitoring, fusing its own resources. Within the Bank, activities planned upon loan approval will be closely monitored as per the following indicative schedule:

Table 4.1 – Project Activity Monitoring Schedule

Period	Milestone	Monitoring Activities/Feedback Loop
June 2018	General information on procurements	Publication of the information note in UNDB (Bank)
Q3 to Q4 2018	Bid invitation for works and equipment, and consultation for consultancy services	Approval of BDs and shortlists by the Bank; launching bid invitation and bidding documents by ONDA
Q4 2018	Project presentation to the Board	Loan approval
2019-2021	Implementation of works and installation of equipment	Works control and supervision; verification of equipment compliance by ONDA
2019-2021	Project supervision and mid-term review, working closely with the project's co-financier	Project implementation monitoring; supervision missions (at least 1.50 mission/year) (Bank)
December 2022	Project completion and preparation of the completion report	Joint preparation of completion report (Bank and ONDA)

4.2 Governance

4.2.1 The level of Morocco's country fiduciary risk is moderate, thanks overall to satisfactory public finance management processes (budget planning, budgeting, budget execution control, management accounting and reporting, external review and audit). The same applies to budget risk monitoring conducted by DEPP, whose main mission is to improve the governance and effectiveness of public establishments and enterprises (PEEs). The ONDA governance framework prescribed by DEPP rests on three pillars: (i) professionalization of the PEE Board of Directors; (ii) quality of PEE management; and (iii) effectiveness of State control on the PEE (control modulated by the PEE's risk level). Hence, DEPP continues to promote the widespread use of internal audit within PEEs and the certification of PEE annual accounts by auditors. DEPP has also set up multi-year programme contracts aimed at restructuring or developing PEEs in need of such interventions. This is ONDA's current governance environment (i.e. operating as a public establishment and granted public authority delegated by the State). No complaints were received from bidders following the procurement of works, goods and services during previous transport sector projects financed by the Bank. For each of these projects, the executing agencies complied with Bank procurement procedures and contract management rules in force. Supervision and audit reports did not mention any particular irregularity. For PEMARS, the control and verification system normally used by the Bank will remain proactive during the implementation period. These concern procurement procedures for works, goods and services, the review of procurement dossiers, supervision missions, disbursement procedures, and the external audit of project accounts. Besides, the Bank plans to conduct a mid-term review of project implementation and to prepare a completion report.

4.3 Sustainability

4.3.1 Resources earmarked for the maintenance of infrastructure and installations are commensurate with the nature of the investment to guarantee its sustainability. They account for over 3% of average annual project receipts, or an estimated MAD 10 million per year. The financial analysis of ONDA accounts shows that these recurrent expenses are effectively financed 100% every year. Maintenance needs linked to the airport development and modernisation will be systematically incorporated in the ONDA budget under "operating expenses", as is the practice for all airports.

4.3.2 The underlying issue of sustainability is also reflected in this project. Thus, in project technical dossiers, special emphasis is placed on the quality of aviation equipment to be procured, the quality of materials used for the construction of passenger terminals, the qualification and proven

experience of contractors, suppliers and the consulting firm tasked with works control and supervision. Besides, an experienced laboratory will be hired to conduct the geotechnical control of building works and infrastructure associated with the airport terminals.

4.4 *Risk Management*

4.4.1 The main risks identified at this project study stage are: (a) with regard to risks linked to the achievement of project outcomes: (i) slowdown of the development of tourism activities linked to the international financial context and the economic situation of tourist-originating countries; (b) with regard to risks linked to project impacts: lack of infrastructure maintenance; and (c) For risks linked to project implementation: (i) late mobilisation of counterpart funds; (ii) slowness/lateness in the procurement process; and (iii) lateness attributable to poor coordination of works implementation and procurement of diverse equipment.

4.4.2 The main risks identified will be mitigated as follows: Type (a) risks will be mitigated by: (i) the continuation of investment efforts and structural reforms in the tourism sector to improve the country's competitiveness/attractiveness. Type (b) risks will be mitigated by: ONDA's good operational performance, which will help to generate the necessary resources to continue the strict infrastructure maintenance policy. Type (c) risks will be mitigated by: (i) incorporating in ONDA budget an annual amount as counterpart funding; (ii) strengthening the executing agency by putting a Project Management Team (PMT) in place; and (iii) making arrangements to avoid significant slippages in the implementation of activities, especially through: the appointment of a qualified Project Coordinator to monitor all activities; enhanced supervision and a mid-term review to redirect project implementation.

4.5 *Knowledge Building*

4.5.1 Knowledge building is in the context of strengthening the capacity of the National Authority tasked with managing airports (ONDA). Thanks to past interventions, ONDA's knowledge of Bank procedures improved significantly. This knowledge will be further consolidated during this project with COMA's assistance through specific sessions organised for the executing agency. The knowledge that will be acquired during project implementation will concern best practice in steering air transport projects. PEMARS will offer the Bank a good opportunity to further extend its knowledge of the impact of anchor projects on air transport development and hence on economic development. The best practice will be disseminated to all project stakeholders through periodic meetings and summary notes.

4.5.2 Most of the equipment to be procured is electronic and quite sophisticated, and will require adequate user training. For that reason, the technical staff concerned will receive targeted training enabling them to extend their scope of knowledge to familiarisation with, and the effective use and maintenance of the new equipment. In terms of training and knowledge building, ONDA has its own pedagogic structures that train national and foreign senior staff in the Mohammed VI International Civil Aviation Academy (responsible for the technical training of ONDA staff) and the Training Institute of Controllers and Avionic Specialists (specialised in these two fields). Continuous staff training and skills improvement are provided in-house or in schools abroad. Besides, ONDA has forged pedagogic partnerships with the International Civil Aviation Organisation (ICAO) and the Agency for Air Navigation Safety in Africa and Madagascar (ASECNA).

V. LEGAL FRAMEWORK

5.1 *Financing Instrument*

The financing instrument adopted for this project is a project loan granted to *Office National Des Aéroports* (National Airports Authority) (ONDA), in its capacity as Borrower, matched with a guarantee of the Kingdom of Morocco.

5.2 *Conditions Associated with the Bank Intervention*

A. Conditions Precedent to Effectiveness

The ADB Loan Agreement shall become effective on the date of its signature. Effectiveness of the Guarantee Agreement shall be subject to fulfilment by the Guarantor, to the Bank's satisfaction, of conditions stipulated in Section 12.01 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the African Development Bank (sovereign entities).

B. Conditions Precedent to First Disbursement

Apart from effectiveness of this Agreement, the first disbursement of loan resources shall be subject to fulfilment by the Borrower of the following conditions to the Bank's satisfaction:

- (i) *Fulfil the conditions set out in Section 12.02 paragraph (a) of the General Conditions (non-sovereign entities);*
- (ii) *Transmit the procedures manual on the operation of the Project Management Team to the Bank.*

C. Environmental and Social Safeguards

The Borrower undertakes [and shall ensure that each of its contractors, sub-contractors and workers does the same] to act as follows, to the Bank's satisfaction:

- (i) *Implement the project as per the Environmental and Social Management Plan (ESMP), the Bank's Safeguards Policy and the applicable national regulations in a manner that is satisfactory to the Bank as to substance and form;*
- (ii) *Prepare and submit to the Bank, quarterly reports on: (1) ESMP implementation, containing information on lapses identified and corrective measures taken in that regard; and (2) the project status;*
- (iii) *Refrain from any action that would prevent or hinder the implementation of the ESMP, including any modification, suspension, renunciation and /or cancellation of any provision of the ESMP, in all or in part, without the Bank's prior written approval; and*
- (iv) *Collaborate fully with the Bank in case project implementation or any change in its scope of application leads to an unforeseeable population displacement and/or resettlement; and undertake to not commence works in the zone affected by project implementation unless all project affected persons have been compensated and/or resettled in accordance with the Resettlement Plan prepared. It is worth noting that as at the date of project appraisal, there are no plans for people displacement and/or resettlement.*

5.3 *Compliance with Bank Policies*

The project complies with all applicable Bank policies.

VI. CONCLUSION AND RECOMMENDATION

6.1 *Conclusion*

6.1.1 The Rabat-Salé Airport Extension and Modernisation Project will endow the Kingdom's capital with facilities that meet users' needs and contribute to the development of the country's air transport infrastructure. The project is in line with different sector policies, including: (i) the Logistics Strategy, which aims to position Morocco as the regional logistics hub in Africa; (ii) the Tourism Vision 2020, which targets 20 million tourists by that date and which will have a strong impact on air traffic development; and (iii) the Industrial Acceleration Strategy, which targets the successful acceleration of industrialisation through ecosystems-based development. It will also contribute to economic growth through the development of freight, logistics competitiveness and tourism, which in turn will create jobs and nudge up the GDP.

6.2 *Recommendation*

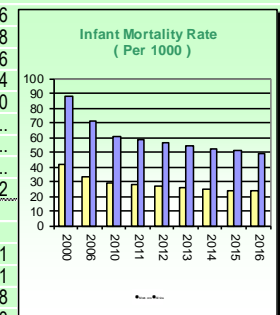
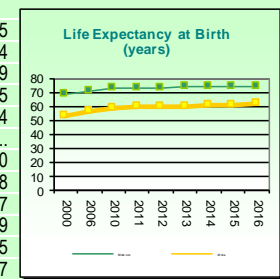
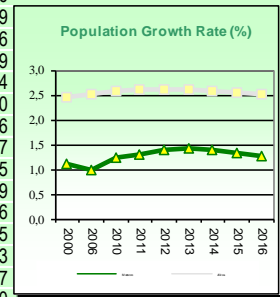
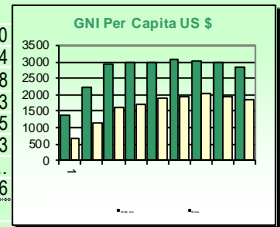
6.2.1 In light of the foregoing, it is recommended that an ADB loan not exceeding EUR 75 million be granted to *Office National Des Aéroports* (National Airports Authority) (ONDA), matched with a guarantee from the Kingdom of Morocco. This loan will serve to implement the project as designed and described in this report. The loan shall be subject to conditions set forth in the Loan Agreement.

ANNEX I: MOROCCO: COMPARATIVE SOCIO-ECONOMIC INDICATORS

Morocco

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Morocco	Africa	Developing Countries	Developed Countries
Basic Indicators					
Total Population (millions)	2017	35,2	1 244,8	6 252,1	1 190,0
Urban Population (% of Total)	2017	60,4	40,5	49,2	81,4
GNI per Capita (US \$)	2016	2 850	1 836	4 442	41 208
Labor Force Participation *- Total (%)	2017	49,2	65,8	62,3	60,3
Labor Force Participation **- Female (%)	2017	25,4	55,3	47,8	52,5
Sex Ratio (per 100 female)	2017	98,0	100,2	107,5	105,3
Human Develop. Index (Rank among 187 countries)	2015	123	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2013	...	...	12,7	0,6
Demographic Indicators					
Population Growth Rate - Total (%)	2017	1,2	2,5	1,3	0,6
Population Growth Rate - Urban (%)	2017	2,0	3,5	2,4	0,9
Population < 15 years (%)	2017	27,1	40,8	27,9	16,6
Population 15-24 years (%)	2017	16,8	19,2	16,7	11,9
Population >= 65 years (%)	2017	6,5	3,5	6,8	17,4
Dependency Ratio (%)	2017	50,6	79,6	54,6	52,0
Female Population 15-49 years (% of total population)	2017	26,8	24,0	25,6	22,6
Life Expectancy at Birth - Total (years)	2017	74,8	61,9	70,2	80,7
Life Expectancy at Birth - Female (years)	2017	75,9	63,3	72,3	83,5
Crude Birth Rate (per 1,000)	2017	19,5	33,9	20,6	10,9
Crude Death Rate (per 1,000)	2017	5,7	9,0	7,5	8,6
Infant Mortality Rate (per 1,000)	2016	23,3	49,3	33,1	4,5
Child Mortality Rate (per 1,000)	2016	27,1	72,6	44,3	5,3
Total Fertility Rate (per woman)	2017	2,4	4,4	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	121,0	444,1	237,0	10,0
Women Using Contraception (%)	2017	67,6	37,6	62,1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2005-15	61,8	41,6	121,6	293,5
Nurses and midwives (per 100,000 people)	2005-15	87,2	120,9	211,3	873,4
Births attended by Trained Health Personnel (%)	2010-16	73,6	55,9	76,6	98,9
Access to Safe Water (% of Population)	2015	85,4	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	76,7	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	0,1	3,6	1,1	...
Incidence of Tuberculosis (per 100,000)	2016	103,0	221,7	163,0	12,0
Child Immunization Against Tuberculosis (%)	2016	99,0	82,1	84,9	95,8
Child Immunization Against Measles (%)	2016	99,0	74,4	84,0	93,7
Underweight Children (% of children under 5 years)	2010-15	...	18,1	15,3	0,9
Prevalence of stunting	2010-15	14,9	33,3	25,0	2,5
Prevalence of undernourishment (% of pop.)	2015	3,5	17,5	12,3	2,7
Public Expenditure on Health (as % of GDP)	2014	2,0	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-16	114,7	101,7	103,8	102,6
Primary School - Female	2010-16	111,6	98,8	102,2	101,8
Secondary School - Total	2010-16	69,1	51,8	...	106,6
Secondary School - Female	2010-16	63,5	49,7	...	106,4
Primary School Female Teaching Staff (% of Total)	2010-16	55,3	46,0	51,3	81,0
Adult literacy Rate - Total (%)	2010-16	69,4	68,6	...	...
Adult literacy Rate - Male (%)	2010-16	80,4	76,0	...	...
Adult literacy Rate - Female (%)	2010-16	59,1	61,7	...	...
Percentage of GDP Spent on Education	2010-16	...	4,9	4,1	5,2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	18,2	8,0	11,3	10,1
Agricultural Land (as % of land area)	2015	68,5	37,4	38,1	35,1
Forest (As % of Land Area)	2015	12,6	21,0	31,4	28,8
Per Capita CO2 Emissions (metric tons)	2014	1,7	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update : January 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex II: Table of Bank Portfolio in Morocco

MOROCCO-PORTFOLIO OF ONGOING OPERATIONS - July 2018																			
31/07/2018																			
#	Project Name	Approval Date	Signature Date	Effectiveness Date	Closing Date	Actual Date 1st Disbursement	Project Ave. Age (year)	Effectiveness Time Frame (months)	Time between Approval and Actual 1st Disbursement	Loan Currency	Amount Approved		Cumulative Disbursements in Project Currency by Project / in EUR by Sector	Cancellation in Loan Currency	Undisbursed Amount in Loan Currency by Project / in EUR by Sector	Cumulative Disbursement Rate (%)		Share in Portfolio	
											In Units of Account	In Loan Currency/ total per sect. in EUR				Actual	Project 2018		
AGRICULTURAL SECTOR																			
1	Support Project to National Irrigation Water Econ. Prog. (PAPNEI)	13-Dec-16	20-Jun-17	4-Aug-17	31-Dec-22	29-Sep-17	1,6	7,8	9,7	USD	231 991 156	275 729 020	2 204 144		73 524 876	0,8%	22,1%	11,6%	
2	Inclusive and Sustainable Value Chains Development Support Programme (PADIFA) - (COMMON BUDGET SUPPORT WATER/SOCIAL/AGRICULTURE)	15-May-18	8-Jun-18	Not Yet	31-Dec-19	Not Yet				EUR	169 373 824	200 000 000			85 494 042	2,9%	22,1%		
TRANSPORT SECTOR																			
3	Project to Strengthen the Tanger-Marrakech Railway Capacity	17-Dec-10	17-Mar-11	30-Jun-11	30-Nov-18	15-May-12	7,6	6,5	17,2	EUR	253 511 129	300 000 000	393 541 211		115 896 789	77,3%	82,4%	21,4%	
4	Strengthening of the Tanger-Casablanca-Marrakech Railway line	27-Jan-16	8-Apr-16	8-Apr-16	31-Dec-20	11-Jul-16	2,5	2,4	5,5	USD	81 507 341	112 300 000			285 606 024	14 393 976	95,2%	84,8%	
5	Project to Construct the Nador West Med Port Complex	16-Sep-15	9-Mar-16	9-Mar-16	31-Dec-22	2-Feb-17	2,9	5,8	16,8	EUR	90 440 683	112 860 000			91 648 711	20 651 289	81,6%	95,1%	
ENERGY SECTOR																			
6	Electr. Transmission and Distribution Net. Dev. Prog.	2-Dec-09	11-Dec-09	29-Apr-10	31-Dec-18	6-May-11	8,7	4,9	17,3	EUR	102 462 190	109 820 000	399 949 892	13 000 000	293 710 108	43,4%	66,5%	38,7%	
7	Ouarzazate NOOR II Solar Complex	3-Dec-14	19-Dec-14	19-Dec-14	31-Dec-19	11-Sep-15	3,7	0,5	9,4	EUR	61 538 461	72 000 000			72 537 568	13 000 000	74,9%	97,4%	
7	Ouarzazate NOOR II Solar Complex (CTF)	3-Dec-14	19-Dec-14	19-Dec-14	31-Dec-19	10-Sep-15	3,7	0,5	9,4	USD	47 260 273	69 000 000			71 158 578	841 422	98,8%	100,0%	
7	Ouarzazate NOOR II Solar Complex	3-Dec-14	19-Dec-14	19-Dec-14	31-Dec-19	11-Sep-15	3,7	0,5	9,4	EUR	23 931 623	28 000 000			26 081 601	1 918 399	93,1%	93,1%	
7	Ouarzazate NOOR II Solar Complex (CTF)	3-Dec-14	19-Dec-14	19-Dec-14	31-Dec-19	10-Sep-15	3,7	0,5	9,4	USD	34 246 575	50 000 000			50 000 000	0	100,0%	100,0%	
8	MODEL Solar Complex - Phase I - NOORM I Power Plant	6-Dec-17	Not Yet	Not Yet			0,7		0,0	USD	84 780 489	120 000 000						7,0%	
8	MODEL Solar Complex - Phase I - NOORM I Power Plant (CTF)	6-Dec-17	Not Yet	Not Yet			0,7		0,0	USD	8 831 301	12 500 000						70,4%	
8	MODEL Solar Complex - Phase I - NOORM II Power Plant	6-Dec-17	Not Yet	Not Yet			0,7		0,0	USD	84 780 489	120 000 000						7,0%	
8	MODEL Solar Complex - Phase I - NOORM II Power Plant (CTF)	6-Dec-17	Not Yet	Not Yet			0,7		0,0	USD	8 831 301	12 500 000						70,4%	
9	PERG	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21	29-May-13	6,1	6,3	11,7	EUR	125 000 000	135 000 000			116 751 346	18 248 654	86,5%	89,9%	
9	AL KOUDJA AL BADA Wind Farm	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21	31-Mar-15	6,1	6,3	34,0	EUR	40 980 606	50 000 000			19 680 558	30 309 442	39,4%	66,6%	
9	AL KOUDJA AL BADA Wind Farm (FTP)	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21	16-Nov-15	6,1	6,3	41,7	USD	22 516 556	34 000 000			31 622 243	2 377 757	93,0%	97,8%	
9	PIEHER - Tanger 2 Wind Farm	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21		6,1	6,3	0,0	EUR	32 786 885	40 000 000			40 000 000	0,0%	20,0%		
9	PIEHER - Tanger 2 Wind Farm (FTP)	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21		6,1	6,3	0,0	USD	20 529 801	31 000 000			31 000 000	0,0%	20,0%		
9	PIEHER - Abdel Moumen STEP	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21	18-May-18	6,1	6,3	72,2	EUR	109 836 065	134 000 000			18 153 690	115 846 310	13,5%	7,4%	
9	PIEHER - Abdel Moumen Step (FTP)	13-Jun-12	19-Dec-12	19-Dec-12	31-Dec-21	18-May-18	6,1	6,3	72,2	USD	39 735 100	60 000 000			20 000 000	40 000 000	33,3%	16,7%	
SOCIAL SECTOR																			
10	Health Card Information System MIC GRANT	30-Jul-13	30-Dec-13	30-Dec-13	30-Jun-18	12-Jun-15	5,0	5,1	22,7	UAC	380 800	380 800			380 800	100,0%	100%		
11	Support for UEMF MIC Grant	29-Jan-16	21-Apr-16	21-Apr-16	30-Jun-18	19-Sep-16	2,5	2,8	7,8	UAC	398 000	398 000			78 160	319 840	19,6%	69,9%	
WATER AND SANITATION SECTOR																			
12	Eleventh Rabat-Casa DWSS Project	12-May-10	19-Aug-10	13-Jun-11	30-Sep-18	1-Feb-13	8,2	8,2	33,2	EUR	136 394 958	162 310 000	169 531 374	97 601 851	163 597 375	53,0%	56,8%	15,0%	
12	Eleventh Rabat-Casa DWSS	12-May-10	19-Aug-10	13-Jun-11	30-Sep-18	24-Jun-11	8,2	8,2	13,6	USD	36 463 576	55 060 000			76 593 540	69 120 000	82,2%	94,9%	
13	Twelfth Marrakech DWS Project	7-Nov-12	19-Dec-12	19-Dec-12	30-Dec-20	18-May-18	5,7	1,4	67,3	EUR	100 840 336	120 000 000			32 265 353	21 560 000	96,3%	100,0%	
13	Twelfth Marrakech DWS Project	7-Nov-12	19-Dec-12	19-Dec-12	30-Dec-20	18-May-18	5,7	1,4	67,3	USD	27 523 004	37 000 000			59 294 102	5 929 652	54 776 246	52,0%	54,3%
14	Project to Improve Water Quality and Performance (13th DWS)	8-Jun-16	26-Jul-16	20-Jan-17	31-Dec-21	7-Feb-17	2,1	7,5	8,1	EUR	68 549 165	88 850 000			9 441 356		54 776 246	52,0%	54,3%
15	Sub-contracting of Rural DWS Networks Management, AWP Grant	26-Apr-16	21-Oct-16	11-Apr-17	31-Dec-20	7-Jul-17	2,3	11,7	14,6	EUR	657 339	815 100			407 500		407 600	50,0%	50,0%
15	Sub-contracting of Rural DWS Networks Management, FAPA Grant	22-Oct-15	12-Aug-16	11-Apr-17	31-Dec-19	7-Jul-17	2,8	17,9	20,8	USD	275 398	399 000			0		399 000	0,0%	50,0%
MULTISECTOR																			
16	Support for the Modernisation of Organisational Debt Management Framework - MIC GRANT	27-Feb-13	31-May-13	31-May-13	31-Mar-19	4-Dec-13	5,4	3,1	9,3	UAC	536 976	536 976	309 658 989	0	414 449	98,7%	99,4%	13,2%	
17	Growth and Employment Study in Morocco - MIC GRANT	27-Jun-12	7-Sep-12	7-Sep-12	30-Jun-18	17-Jul-14	6,1	2,4	25,0	UAC	587 200	587 200			79 705	457 271	14,8%	91,2%	
18	Project to Support the Drafting of Morocco's Monetary and Financial Code - MIC GRANT	20-Sep-12	19-Dec-12	19-Dec-12	29-Dec-18	30-Oct-13	5,9	3,0	13,5	UAC	489 258	489 258			469 083	20 175	95,9%	100,0%	
19	PARSIF	13-Jul-16	14-Jul-16	11-Aug-16	31-Dec-18	25-Aug-16	2,1	1,0	1,4	USD	116 786 800	157 000 000			157 000 000	0	100,0%	100,0%	
20	DTFE Strategic Study MIC GRANT	21-May-15	28-Jul-15	28-Jul-15	31-Dec-19	21-Dec-17	3,2	2,3	31,5	UAC	797 600	797 600			32 194	765 406	4,0%	4,0%	
21	Support for the Office of the Head of Government MIC GRANT	14-Jul-15	28-Jul-15	28-Jul-15	15-Dec-19	21-Mar-16	3,0	0,5	8,4	UAC	799 200	799 200			170 194	629 006	21,3%	26,4%	
22	Morocco Export MIC GRANT	2-Jul-16	5-Oct-16	7-Oct-16	30-Dec-19	6-Mar-17	2,1	3,2	8,2	UAC	630 000	630 000			22 544	607 456	3,6%	3,6%	
23	TA Court of Auditors MIC Grant	25-Nov-15	7-Jun-16	7-Jun-16	30-Jun-20	12-Dec-16	2,7	6,5	12,8	UAC	792 000	792 000			607 586	184 414	76,7%	100,0%	
24	Support Programme for Industrial Acceleration in Morocco (PAAM I)	14-Jul-17	14-Jul-17	28-Jul-17	31-Dec-18	1-Aug-17	1,0	0,5	0,6	USD	147 400 228	200 000 000			200 000 000	0	100,0%	100,0%	
25	Project to Support CAFRAD Transformation (TA CAFRAD (MIC Grant))	29-Mar-17	30-Jun-17	30-Jun-17	30-Jun-19	21-Mar-18	1,3	3,1	11,9	UAC	479 000	479 000			16 679	462 321	3,5%		
26	AMU Institutional Support Phase II - MIC Grant	8-May-15	2-Jul-15	2-Jul-15	30-Jun-19	24-Sep-15	3,2	1,8	4,6	UAC	495 365	495 365			195 798	299 567	39,5%	60,0%	
PRIVATE SECTOR																			
27	TEKCI/M	6-Dec-17	Not Yet	Not Yet	31-Dec-21					EUR	130 073 571	55 000 000							
28	Line of credit Banque centrale populaire (BCP)	27-Jun-18	Not Yet	Not Yet						EUR	41 126 199	50 000 000							
29	Azur Innovation	18-Jul-18	Not Yet	Not Yet						EUR	84 803 256	100 000 000							
										EUR	4 144 116	5 000 000							
TOTAL																			
Summary																			
Portfolio Amount																			
Total		2 184 561 984		100,0%															
In Units of Account		2 184 561 984		100,0%															
Loans (28)		2 177 901 187		99,7%															
Grants (12)		6 660 797		0,3%															
In Euros		2 434 205 102																	
Actual		Proj. 2018																	
Total Amount Disbursed in EUR		1 295 462 396		1 498 899 061															
Loans		1 293 048 171																	
Grants		2 434 225																	
Overall Disbursement Rate		53,22%		61,58%															
Loans		53,28%																	
Grants		32,34%																	
Average Amount per loan (in UA)		136 118 824																	
Effectiveness Time Frame (months)		3,8																	
Loans		3,8																	
Grants		4,4																	
Average Age of Portfolio (year)		4,2																	
Loans		3,8																	
Grants		3,4																	

Sector Distribution of Operations

Energy; 38.73%

Transp.; 21.41%

Agr.; 11.59%

Water&Sanit ; 15.04%

Mult. Sect.; 13.19%

0.0%; 0

0.0%;...

ANNEX III: MAIN RELATED PROJECTS FINANCED BY THE BANK AND OTHER DEVELOPMENT PARTNERS IN MOROCCO IN THE LAST DECADE

FINANCING	Signature Date	Amount
BANK		EUR Million
Marrakech – Agadir Motorway Construction Project	15/12/2006	118.60
National Rural Roads Project - Phase II	23/11/2007	45
Third Airport Development Project	08/05/2009	240
Tangier-Marrakech Capacity-Building Project	17/03/2011	300
Design of a Programme to Enhance and Repair Facilities of seven (7) ports	17/03/2011	0.70
Nador West Med Port Complex Construction Project	09/03/2016	112.86
Strengthening of Tangier-Casablanca-Marrakech Railway Line	08/04/2016	95.69
EIB		EUR Million
National Rural Roads Programme - Phase II - A	17/06/2005	60
Motorway Project IV - Section B	17/06/2005	70
Project to Construct the Fès-Oujda V Motorway	31/10/2007	180
Second Tangier Med Port Terminal Project	24/06/2008	40
National Rural Roads Programme II – B	05/12/2008	60
Motorway Project VI	22/10/2009	225
Rabat Tramway	22/12/2009	15
Motorway Project VII	10/11/2010	220
Second Tangier Med Port Terminal Project -2	15/11/2010	200
National Rural Roads Programme II – C	17/05/2012	100
El Jadida-Safi Motorway	14/12/2012	240
Road Modernisation Programme	19/03/2014	150
Zenata City Urban Development Project	13/11/2014	7,5
IBRD		USD Million
National Rural Roads Programme – Phase II-A	12/04/2006	238.07
Accessibility Promotion	03/02/2012	2,85
National Rural Roads Programme – Phase II-B	22/07/2014	95,61
EBRD		EUR Million
Project to Construct the Nador West Med Port Complex	28/10/2015	200
JICA		JPY Million
Project to Construct the Marrakech-Agadir Motorway	31/03/2006	17.726
National Rural Roads Programme	15/03/2007	8.439
Abu Dhabi Fund (FAD)		USD Million
Tangier-Casablanca High-Speed Train	10/12/2010	109
Arab Fund for Economic and Social Development (AFESD)		USD Million
Project to Construct the Marrakech-Agadir Motorway	13/03/2006	115.6
Project to Construct the Fès –Oujda Motorway	15/03/2007	111.9
Project to Upgrade the Rabat-Casablanca Motorway to 2x3 dual carriageway	01/12/2008	74.6
Tangier-Casablanca High Speed Train	14/02/2012	108.22
El Jadida –Safi Motorway	17/04/2012	108.01
Project to Construct the Nador West Med Port Complex	-	199.01
Kuwait Fund (KFAED)		USD Million
Project to Construct the Marrakech-Agadir Motorway	20/03/2006	56
Project to Construction the Fès –Oujda Motorway	13/12/2006	56

Tangier-Casablanca High Speed Train	19/07/2011	132
Road Improvement Project	26/06/2013	125
Ports Improvement Project	26/06/2013	455
Saudi Fund (SDF)		USD Million
Tangier-Casablanca High Speed Train	29/02/2012	200
Oujda-Nador Motorway Project	11/03/2013	61
Sidi Ifni Port Enlargement	10/10/2014	40
Islamic Development Bank (IsDB)		USD Million
Project to Construct the Marrakech-Agadir Motorway	01/06/2006	106
Project to Construct the Fès –Oujda Motorway	01/05/2007	124
Second National Rural Roads Programme	05/02/2013	11.06
Rehabilitation and Widening of Jorf Lasfar Port	27/02/2013	150
Natixis		EUR Million
Supply of 7 couplets for the Casablanca Tramway network	20/01/2012	24.14
BNP-Paribas		EUR Million
Supply of 7 couplets for the Casablanca Tramway network	02/02/2012	13.65
AFD		EUR Million
Tangier Rail Supply Project – new Tangier Med Port	24/03/2004	25
National Rural Roads Programme - Phase II	13/02/2004	50
Casablanca-Tangier High Speed Railway Line Project	13/07/2012	220
Projects to Rehabilitate Six Ports (Tangier, Nador, Safi, Jorf Lasfar, Kénitra and Cala Iris)	13/12/2012	50
Casablanca Tramway Project	13/12/2012	23
Portugal		EUR Million
Railway: Electrification of the Ksar El Kébir/Tangier section and the Tangier/Tangier-Mediterranean Port Link	31/07/2012	6.7
Railway: Tangier/Sidi Kacem Line: VU Tangier/Mechraa Bel Ksiri and RAVG D'el Akba, Asilah, Rissani and Arbaoua	31/07/2012	10.39
Spain		EUR Million
Studies, supplies, works, tests and commissioning of safety and signage installations in the Casablanca Train Station	16/09/2013	3.33

ANNEX IV: MAP INDICATING THE LOCATION OF RABAT-SALÉ AIRPORT

