

AFRICAN DEVELOPMENT BANK



RABAT-SALÉ AIRPORT EXTENSION AND MODERNISATION PROJECT (PEMARS) - SUPPLEMENTARY FINANCING

COUNTRY: MOROCCO

PROJECT APPRAISAL REPORT

Date: May 2022

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AFRICAN DEVELOPMENT BANK



KINGDOM OF MOROCCO

RABAT-SALE AIRPORT EXTENSION AND MODERNISATION PROJECT (PEMARS) – SUPPLEMENTARY FINANCING

APPRAISAL REPORT

RDGN/COMA/PICU DEPARTMENTS

May 2022

Translated Document

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Currency equivalents

January 2022

UA 1	MAD 2.9172
UA 1	EUR 1.20087
EUR 1	MAD 10.4975

Fiscal year

1 January to 31 December

Weights and measures

1 metric ton	2204 pounds
1 metric ton	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

AfDB	=	African Development Bank
AFESD	=	Arab Fund for Economic and Social Development
BD	=	Bidding Documents
EIB	=	European Investment Bank
EBRD	=	European Bank for Reconstruction and Development
EDS	=	Energy Dispersive Spectroscopy
EPIC	=	Public Industrial and Commercial Establishment
ERR	=	Economic Rate of Return
ESDP	=	Economic and Social Development Plan
EU	=	European Union
EUR	=	Euro
GDP	=	Gross Domestic Product
HEQ	=	High Environmental Quality
IBRD	=	International Bank for Reconstruction and Development
IFRR	=	Internal Financial Rate of Return
IGF	=	General Inspectorate of Finance
IsDB	=	Islamic Development Bank
JICA	=	Japan International Cooperation Agency
KFAED	=	Kuwait Fund for Economic Development
LPI	=	Logistics Performance Index
MAD	=	Moroccan dirham
MEE	=	Ministry of Infrastructure and Water
MTL	=	Ministry of Transport and Logistics
NPV	=	Net Present Value
ONDA	=	National Airports Authority
PP	=	Procurement Plan
SFD	=	Saudi Fund for Development
STEP	=	Treatment and Purification Station
TFP	=	Technical and Financial Partners
UA	=	AfDB Unit of Account
WB	=	World Bank

1. Client Information

COUNTRY: Morocco

PROJECT TITLE: Rabat-Salé Airport Extension and Modernisation Project
(Supplementary Financing)

LOCATION: Rabat-Salé

BORROWER: Office National des Aéroports (National Airports Authority) (ONDA)

GUARANTOR: Kingdom of Morocco

EXECUTING AGENCY: Office National des Aéroports (National Airports Authority) (ONDA)

2. Financing plan

Source	Amount (UA)	Amount (EUR)	Instrument
ADB LOAN	28.48 million	34.20 million	ADB Loan
TOTAL	28.48 million	34.20 million	

3. Important AfDB financial informations

Loan currency	Euro
Type of loan	Fully flexible loan
Tenor	25 years, including the grace period
Grace period	5 years
Weighted average maturity**	12.75 years
Reimbursement	Consecutive half-yearly payments after the grace period or profile adapted to the Borrower's needs
Interest rate	Base rate + financing cost margin + lending margin + maturity premium. (This interest rate must be floored to zero).
Base rate	Floating six-month EURIBOR, reset on 1 February and 1 August, with a free base rate fixing option.
Funding cost margin	Bank financing cost margin as revised on 1 January and 1 August and applied to the base rate on 1 February and 1 August
Lending spread	80 basis points (0.8%)
Maturity premium	0%
Front-end fee	0.25% of the loan amount
Commitment charge	0.25% per annum on the undisbursed amount, commencing 60 days following the date of signature of the loan agreement and payable on the due dates.
Base rate conversion option*	Besides the free base rate fixing option, the Borrower may revert to the floating rate or reset it for all or part of the disbursed loan amount. Transaction fees apply.
Rate cap or collar option*	The Borrower may cap or collar the base rate for all or part of the disbursed loan amount. Transaction fees apply.
Loan currency conversion option*	The Borrower may change the currency of all or part of the undisbursed and/or disbursed loan amount for the loan period. Transaction fees apply.

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

**Conversion options and related transaction costs fees are subject to the Bank Conversion Guidelines available online here.

4. Timeframe - Milestones

Activities	(Month, year)
Concept Note approval	December 2021
Project approval	May 2022
Signature of Agreement (latest)	July 2022
Project completion	December 2023
Closing date	December 2024

EXECUTIVE SUMMARY

Project Overview

1. The supplementary financing for the Rabat-Salé Airport Extension and Modernisation Project (PEMARS) is linked to the initial project under implementation. It is part of the transport sector development, in particular continuation of the upgrade and modernisation of infrastructure and services to boost the logistic competitiveness of the national economy.
2. The unprecedented impact of the COVID-19 health crisis has led to a drastic drop in ONDA's activity level since March 2020. In 2020, the number of passengers dropped by more than 70%, the number of flights by 65%, air freight by 36% and road traffic by 59%.
3. ONDA's financial situation has deteriorated over the past two years and the Authority is finding it difficult to fully meet its contribution to the initial project. The supplementary financing requested from the Bank will make it possible to finance part of the work initially under ONDA responsibility, in order to complete all planned activities and guarantee smooth project execution. The revised cost of the Rabat-Salé Airport Extension and Modernisation Project (PEMARS) amounts to EUR 176 million.

Needs Assessment

4. The supplementary financing will meet the same needs of the initial project. It will be recalled that Rabat-Salé Airport passenger traffic is projected to grow by an average of 6%, reaching 3 million passengers and 5,500 airfreight tons by 2035. Given that the airport's current capacity of only 1.5 million passengers per year, there is need to upgrade its infrastructure and equipment to meet the projected traffic demands and ensure international service quality.

The Bank's Value Added

5. The Bank's sound knowledge of the air transport sector was gained through projects implemented in various regional member countries, including Morocco, where it financed three airport projects that helped to improve airport infrastructure and air navigation safety. The financing of this project is, therefore, in pursuance of the Bank's intervention in Morocco and is consistent with the Bank's Framework and Guidelines to Support the Aviation Sector. This intervention consolidates previous Bank operations and strengthens its experience and comparative advantage in the air transport subsector.

Knowledge Building

6. By virtue of its past operations aimed at the rehabilitation and extension of operational capacity, as well as institutional reforms, which were deemed efficient and relevant, the Bank has become a strategic partner in the air subsector. This project is a continuation of these previous operations, and the lessons learned from the project completion and monitoring and evaluation reports will build the knowledge of Bank and ONDA experts in charge of the project. Similarly, the management-related experience acquired from previous operation will be put to good use in the implementation of this project. As mentioned in the initial project, ONDA has its own training facilities that train national and foreign senior staff in the Mohammed VI International Civil Aviation Academy, which is responsible for the technical training of ONDA staff. The continuous training and the improvement of the personnel are ensured within the framework of a multi-field training plan set up by the ONDA. The continuing and further training of staff is handled under a multi-sector training plan prepared by ONDA. Moreover, the Authority also has pedagogic partnership relations with international bodies such as the International Civil Aviation Organisation (ICAO) and Airports Council International (ACI).

RESULTS FRAMEWORK (Supplementary financing)						
A	PROJECT INFORMATION					
	PROJECT NAME AND SAP CODE: RABAT-SALÉ AIRPORT EXTENSION AND MODERNISATION PROJECT (PEMARS) - SUPPLEMENTARY FINANCING (P-MA- DA0-007).				COUNTRY/REGION: MOROCCO/NORTH AFRICA REGIONAL OFFICE (RDGN)	
	PROJECT DEVELOPMENT OBJECTIVE: CONTRIBUTE TO THE DEVELOPMENT OF AIR TRANSPORT INFRASTRUCTURE IN MOROCCO					
	ALIGNMENT INDICATOR: ECONOMIC GROWTH (GDP) THROUGH INFRASTRUCTURE					
B	RESULTS MATRIX					
RESULTS CHAIN		RMC INDICATOR	UNIT OF MEASUREMENT	BASELINE (2017)	TARGET AT COMPLETION (2024)	MEANS OF VERIFICATION
OUTCOME 1: Airport handling capacity increased, and functionality improved						
INDICATOR 1.1: Annual volume of passenger traffic		<input type="checkbox"/>	Number of passengers	923,576	1.26 M	ONDA Annual Report
INDICATOR 1.2: Annual volume of freight traffic		<input type="checkbox"/>	Freight tonnage	1650	2800	
INDICATOR 1.3: Annual volume of air traffic		<input type="checkbox"/>	Number of flights	7000	9500	
INDICATOR 1.4: Flights processed simultaneously at the terminal		<input type="checkbox"/>	No. of flights processed	4	6	
INDICATOR 1.5: Airport Service Quality (ASQ) score of Rabat-Salé Airport		<input type="checkbox"/>	Score	4.09/5.00	4.20/5.00	
OUTCOME 2: Creation of sustainable jobs						
INDICATOR 2.1: No. of gender-disaggregated jobs created		<input type="checkbox"/>	Number of jobs created	0	1700 direct jobs and 3400 indirect jobs, 40% held by women	Monthly monitoring and evaluation report of the monitoring mission
OUTPUT 1: New passenger terminal constructed and equipped						
INDICATOR 1: Terminal constructed		<input type="checkbox"/>	Number	0	1	Final monitoring mission report
OUTPUT 2: Aircraft aprons expanded and various networks built, and terminal equipment installed						
INDICATOR 2.1: Number of additional aircraft parking spaces (aprons)		<input type="checkbox"/>	Number	0	6	Monthly Project monitoring report
INDICATOR 2.2: Additional vehicle parking spaces		<input type="checkbox"/>	Number	0	1300	
INDICATOR 2.3: Equipment installed		<input type="checkbox"/>	Number of STB gateways	0	6	
OUTPUT 3: Safety and security equipment installed						
INDICATOR 3: Safety and security equipment installed in the new terminal		<input type="checkbox"/>	Number	0	12 RX hold luggage, 16 RX hand-held luggage, 7 LEDS, 7 EDS, 3 body scans, 4 tomography machines installed	Monthly Project monitoring report

PROJECT IMPLEMENTATION SCHEDULE

Activities	2021											2022											2023											
	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	#	#	#
1. Project approval and effectiveness of the supplementary loan																																		
1.1 Board approval of the project																																		
1.2 Signature of loan guarantee agreements																																		
1.3 Effectiveness of loan agreements																																		
2. Construction of the new terminal																																		
Construction works																																		
3. Construction of the aircraft aprons																																		
Approval of the use of Advance Contracting (AC)																																		
Bid approval																																		
Bids Preparation/submission and analysis																																		
Signature of contract																																		
Works implementation																																		
4. Construction of the car park and external fittings																																		
5. Supply and installation of the baggage handling system																																		
6. Supply and installation of safety equipment (tomography machines)																																		
7. Supply and installation of security equipment (passengers)																																		
8. Supply and installation of moving walkways																																		
9. Signage and airport furniture																																		
10. IS equipment																																		
11 Project management and audit																																		
11.1 Works control and supervision																																		
11.2 Project accounts auditing																																		
Project Closure																																		

BANK GROUP MANAGEMENT'S REPORT AND RECOMMENDATION TO THE BOARD OF DIRECTORS CONCERNING AN ADB LOAN TO MOROCCO'S NATIONAL AIRPORTS AUTHORITY (ONDA) FOR THE SUPPLEMENTARY FINANCING OF THE RABAT-SALÉ AIRPORT EXTENSION AND MODERNISATION PROJECT

Management hereby submits this report and recommendation concerning a proposal to grant a loan of EUR 34.20 million to the *Office National Des Aéroports* (National Airports Authority) (ONDA), complete with a guarantee by the Kingdom of Morocco, for the supplementary financing of 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. All modes combined, the sector accounts for: (i) 15% of the State's revenue; (ii) 5% of the labour force; and (iii) 5% of national GDP. Air transport outshines the other modes of transport in the support of tourism and industry growth.

1.1.2. Air traffic in Moroccan airports recorded an average annual growth of 7.5% between 2012 and 2019 and in 2019 a record traffic volume in excess of 25 million passengers, 11.25% higher than the 2018 figure. Also, airport infrastructure development has been one of the strategic directions of various ONDA strategic plans to respond to air traffic demand. But the COVID-19 health crisis has drastically reduced activity level since March 2020. In 2020, the number of passengers dropped by more than 70%, the number of flights by 65%, air freight by 36% and road traffic by 59%.

1.1.3. Following the decline in activity, ONDA's turnover dropped by 63% in 2020. The operating income dropped from MAD 1.3 billion to MAD -1.4 billion. The net income plunged from MAD 566 billion to MAD -1.9 billion.

1.1.4. The impacts of the COVID-19 pandemic included increased supply times for the project, higher prices for all raw materials, additional costs due to logistical problems and labour productivity losses. In addition, the pandemic extended the project implementation time by two years. Furthermore, the planned physical and financial contingencies could not cover the additional costs incurred. The total cost of the Rabat-Salé Airport Extension and Modernisation Project (PEMARS) was re-evaluated at MAD 1,848 million (EUR 176 million). On 9 September 2021, Morocco's Economy and Finance Ministry requested from the Bank supplementary financing of EUR 40 million.

1.2. Project Linkages with Country Strategy and Objectives

1.2.1. The implementation of Morocco's national sectoral plans (notably, the Green Morocco Plan, the Industrial Acceleration Plan, the Halieutis Plan) and the signing of several free trade agreements with 55 trade partners have recently resulted in significantly higher logistics 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 programmes to support the competitiveness of national exports. This priority was crowned by the 2010 launch 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 and is highly concentrated on Casablanca Airport. Because of limited competitiveness, airfreight accounts for just 5% of exports. Casablanca Airport handled 90,081 tonnes of freight in 2019 (i.e., 94% of the national total) and recorded a 12% yearly growth from 2014 to 2019. The National Airports Authority (ONDA) plans to decongest transport services, including freight, and to attain 182,000 tonnes by 2035, according to the Airfreight Master Plan.

1.2.3. The Master Plan's implementation will also benefit the development of tourism where 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 at Rabat-Salé Airport grew by 14% over the last ten years and by 21.3% over the last five. According to the Airport Master Plan baseline scenario, Rabat-Salé Airport passenger traffic will grow by an average of 6% annually, reaching 3 million passengers by 2035. The airport currently has capacity for only 1.5 million passengers per year. To enable the airport to cope with the foreseeable traffic demand and ensure international service quality, its infrastructure and facilities need to be upgraded.

1.3. Rationale for the Bank's Involvement

1.3.1. The implementation of this project is part of efforts to develop the transport sector, including the continued upgrade 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, notably: (i) the Tourism Vision 2020 targeting 20 million tourists by 2020 and which will have a strong impact on air traffic development; and (ii) the Industrial Acceleration Strategy aimed at successfully accelerating industrialisation by ecosystems-based development.

1.3.2. The financing of this project is also in pursuance of the Bank's intervention in Morocco, given that developments in the Casablanca, Marrakech, Fès and Agadir Airport capacity had in the past been financed by the Bank, which thus 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 well placed to support the country in the implementation of this project.

1.3.3. The Bank's CSP 2017-2021 for the Kingdom of Morocco hinges on two 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 is fully consistent with 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, namely, "Industrialise Africa" and "Integrate Africa", one of whose aims is infrastructure development, a prerequisite for the achievement of these priorities. Lastly it is in line with the Bank's Framework and Guidelines to Support the Aviation Sector in Africa.

1.3.5. The supplementary financing requested meets the scope criteria outlined in the "Bank Group New Policy for Supplementary Financing", revised in 2021, particularly the criterion in "Paragraph 9 sub-paragraph a", which states that, supplementary financing may be provided "when there is an

anticipated or unforeseen funding gap (i.e. changes in Bank or government financial contributions) that cannot be met by the RMC or donors, to complement the initial project activities, up to a limit".

1.3.6. The supplementary financing meets all the eligibility criteria of the Bank's New Policy for Supplementary Project Financing, approved in June 2021.

II. INITIAL PROJECT DESCRIPTION

Project Objectives

The initial project's two main objectives remain unchanged.

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) improvement of the quality of service to passengers and users; and (iii) contribution to the tourism and economic development of the project impact area (PIA).

Project Components

2.2.1 The project has five (5) components (Table 2.1).

Table 2.1- Summary of Project Components

Component	Sub-component	Description
A- Construction of a new terminal	A1: Buildings	(i) Construction of the new terminal
	A2: Equipment	(ii) Supply and installation of equipment: boarding bridges, baggage handling, signage and information systems, public address systems, airport furniture.
B- Infrastructure	B1: Aviation infrastructure	(i) Works to widen the aircraft aprons , airport lighting;
	B2: Related structures	(ii) Construction of taxiways, access roads and car parking lots, including lighting in the terminal area developed
C- Safety and security	C - Safety and Security	Supply and installation of airport terminal security and safety equipment
D- Studies	D - Studies	Architectural, technical, geotechnical, topographical and environmental studies, as well as technical control
E- Project management	E1: Supervision and coordination	(i) Monitoring and control of works, including OPC, quality control of works, acceptance of facilities, technical audit and environmental monitoring;
	E2: Audit of project accounts	(ii) Annual audit of project accounts

Change Theory

Implementation of the various components of the project, notably (i) the construction of the new terminal and its equipment; (ii) enlargement of the aircraft apron area; (iii) development of road access and vehicle parking; and (iv) supply and installation of safety and security equipment, will provide airport

infrastructure that will make it possible to: (i) increase the capacity of Rabat-Salé airport in terms of passenger and freight traffic; (ii) improve the safety and security conditions of passengers and their belongings; and (iii) create new jobs in the Project Area.

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 supplementary 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.

2.4.2 The initial project cost, net of taxes and customs duties, was estimated at MAD 1,915 million (EUR 171 million). The Bank’s financial commitment was EUR 75 million.

Table 2 2- Summary of Initial Cost Estimates by Project Component and Funding Source

Component		Initial amount (MAD thousand)	Initial amount (EUR million)	AfDB’s share (EUR million)	ONDA’s share (EUR million)
A	Construction of a new terminal				
A1	Buildings	1,101,400	98.34	65.25	33.09
A2	Terminal equipment	143,100	15.88		15.88
B	Infrastructure				
B1	Aviation infrastructure	85,750	7.66		7.66
B2	Related structures	178,000	12.78		12.78
C	Safety and security	69,000	6.16		6.16
D	Studies	37,600	3.36		3.36
E	Project management				
E1	Project management	50,700	4.52		4.52
E3	Audit of project accounts	600	0.06		0.06
Base cost		1,666,150	148.76	65.25	83.51
Physical contingencies		166,615	14.88	6.53	8.35
Price escalation		82,474	7.36	3.22	4.13
Total cost		1,915,239	171.00	75.00	96

Project Implementation Status

Satisfaction of Loan Conditions

2.5.1 Conditions precedent to first disbursement: The conditions precedent to the first disbursement for the project were met on 26 June 2019.

Procurement of Goods, Works and Services

2.5.2 Advance Contracting (AC): On 11 July 2018, the Bank gave a non-objection notification for the APA request submitted by ONDA for the Rabat-Salé Airport new terminal construction works.

2.5.3 Established contract: To date, only one contract financed by the initial ADB loan has been concluded. This is the contract for the construction of the new Rabat-Salé Airport terminal. Apart from this contract, the supplementary loan will also be used to finance the aircraft apron construction works contract.

Physical and Financial Implementation Status

2.5.4 As of September 2021, the project's estimated physical implementation rate was 31%, and the total disbursement amount was EUR 16,809,040.26, that is, 22.4% of the loan. Moreover, the COVID-19 pandemic has delayed project implementation, and consequently, the Bank has approved ONDA's request for a two-year extension of the loan's last disbursement date. Annex 6 provides more details on the project status.

III. ASSESSMENT OF THE SUPPLEMENTARY FINANCING

3.1 Supplementary Financing Cost and Arrangements

3.1.1 The total project cost, net of taxes and customs duties, has been updated, factoring in the real costs of the contracts committed, updating of the costs of lots not yet awarded and MAD/EUR exchange rate trend between 2018 and 2021. The updated total project cost, therefore, amounts to EUR 176 million (MAD 1,848 million).

3.1.2 On 9 September 2021, the Ministry of Economy and Finance submitted to the Bank a request for supplementary financing to the tune of EUR 40 million. This amount is expected to cover financing listed under Amendment No. 1 already approved by the Bank and the component related to the construction of the airport apron. Hence, the supplementary financing will fund activities already planned under the initial project.

3.1.3 In accordance with the policy on supplementary financing, the additional amount to be financed by the AfDB cannot exceed EUR 34.20 million (20% of the initial project amount).

3.1.4 Taking into account the supplementary financing of EUR 34.20 million, the Bank's contribution to the project's financing amounts to **EUR 109.20 million**, i.e., **62.05%** of the total project cost. ONDA is financing from its resources EUR 66.80 million, or 37.950% of the project cost. ***As the Bank's contribution exceeds 50% of the total project cost, ONDA has requested a waiver to reduce its counterpart contribution, in accordance with the Policy on Expenditure Eligible for Bank Group Financing.***

3.1.5 The breakdown of Bank-financed costs, taking into account the supplementary financing is as follows:

Table 3.. - Summary of updated costs by project component and source of financing

Component		Initial amount (MAD thousand)	Revised Amount (EUR million)	AfDB's share (EUR million)	ONDA's share (EUR million)
A	Construction of a new terminal				
A1	Buildings	973,652	92.75	86.81	5.95

A2	Terminal equipment	178,000	16.96		16.96
B	Infrastructure				
B1	Aviation infrastructure	86,000	8.19	8.19	0
B2	Related structures	151,402	14.42		14.42
C	Safety and security	110,000	10.48		10.48
D	Studies	51,335	4.89		4.89
E	Project management				
E1	Project management	56,598	5.39		5.39
E3	Audit of project accounts	283	0.03		0.03
Base cost		1,607,270	153.11	95.00	58.11
Physical contingencies		160,727	15.31	9.50	5.81
Price escalation		79,560	7.58	4.70	2.88
Total cost		1,847,557	176.00	109.20	66.80

3.2 Implementation Arrangements

Executing Agency

3.2.1 The same implementation arrangements for the initial project apply to the supplementary financing. It is worth noting that ONDA has set up a Project Management Team (PMT), as stipulated in the project's effectiveness conditions. The PMT is assisted by a works monitoring team.

Institutional Arrangements

3.2.2 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 the five (5) focus areas of 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.

Procurement Arrangements

3.2.3 *Applicable Procurement Policy and Framework:* All procurement of works financed by the Bank under this supplementary financing of PEMARS will be done in accordance with 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 the AfDB Policy, all procurement will be carried out in accordance with the Bank's Procurement Methods and Procedures (PMP) using relevant standard bidding documents (SBDs).

3.2.4 *Procurement Capacity and Risk Assessment (PCRA):* During the preparation of PEMARS, approved in 2018, the Bank conducted risk assessment¹ at country, sector/market study and project levels, as well as the Executing Agency's (EA) procurement capacity for the project. Assessments for this supplementary financing were carried out in 2021, and the outcomes informed the decision to use

¹ For more details, see Annex B5.

the Bank's procurement system for works procurement. Appropriate risk mitigation measures are included in the PCRA action plan indicated in Para. B4.9 of Technical Annex B4.

3.2.5 It should be recalled that the contract for the construction of the Rabat-Salé Airport's new terminal has already been committed and its procurement method determined during the appraisal of the initial project in 2018. All that remains to be committed under this supplementary financing is the contract for the construction of the aircraft apron.

3.2.6 *Procurement Plan (PP)*: An 18-month long Procurement Plan (PP) was submitted to and accepted by the Bank (see Technical Annex B4).

3.2.7 *Advance Contracting (AC)*: Taking into account scheduling constraints linked to the Borrower's agenda, and in compliance with Presidential Directive PD 02/2015 (to ensure an effective start of the project after its approval), ONDA requested and received Bank approval (dated 17 January 2022) for the use of advance contracting (AC)² for procurement of the apron construction works.

Disbursement Arrangements

3.2.8 The supplementary financing is for the Rabat-Salé Airport Extension and Modernisation Project financed by an AfDB loan amounting to EUR 75 million. As of September 2021, total disbursements amount to EUR 16,809,040.26, representing a 22.4% disbursement rate.

3.2.9 Disbursement from the supplementary financing will be made in accordance with applicable Bank disbursement rules and procedures outlined in the Disbursement Manual (2020 version). The direct payment method will be used for the disbursement of expenses eligible for Bank financing. A letter of disbursement will be reviewed by both parties (the Bank and ONDA) during the loan agreement negotiations and transmitted to ONDA (Borrower) upon approval of the project by the Bank's Board of Directors.

Financial Management

3.2.10 ONDA will carry out the project's financial management through the Project Management Team (PMT) and the Directorate of Finance. The Bank was satisfied with the audit report of the 2020 financial statements. Furthermore, there have been no new developments that would undermine the conditions and arrangements set out in the initial loan report. Therefore, the supplementary financing will follow the initial project's financial management arrangements set out in the initial appraisal report through the components of the PEMARS financial management system, including budget management, accounting, internal control, cashflow management, and external audit.

Audit Arrangements

3.2.11 The audit of the project's financial statements covering all financing sources (Bank and counterpart funds) will be performed by independent external auditor appointed for the audit of the initial project and under the same conditions.

² AC is permitted under the Procurement Policy for Bank Group-Financed Operations (Section 11.1). To facilitate the timely implementation of a project and in certain circumstances, the Borrower may consider initiating the initial stages of procurement of goods, works and consultancy or non-consultancy services before signing the relevant Financing Agreement (FA). The procedures and methods to be used in such advance contracting shall comply with the Bank's Procurement Policy for any such contracts to be deemed eligible for Bank financing. The Bank will review the process used by the Borrower. Advance contracting by a Borrower is at the Borrower's own risk. Any no-objection notice issued by the Bank prior to approval of the financing by the Board of Directors does not commit the Bank to finance the project in question. Once the contract is signed, reimbursement by the Bank of payments made by the Borrower under the contract prior to the signature of the FA is called Retroactive Financing and is only permitted to the extent specified in the FA.

3.3 Economic and Financial Performance

3.3.1. The economic and financial performance analysis is conducted in the context of the COVID-19 pandemic. The civil aviation ecosystem was among the key economic players hardest hit by the pandemic. Nearly two years after its outbreak, the COVID variants follow one another, and the uncertainty lies in the difficulty of making accurate predictions for a return to normal activity.

Economic Analysis

3.3.2 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. A discount rate of 7% was factored in. Data considered include: (i) investment costs, net of taxes, associated with works and physical contingencies; (ii) project-related operating costs. The project has quantifiable economic benefits comprising revenue generated by: (a) higher turnover linked to additional passenger and freight traffic; (b) time gains linked to the project; (c) lower costs linked to reduced accidents, as well as lower vehicle operating expenses; and (d) direct and indirect jobs created in the airport extension construction and operational phases. Table 3.2 below provides a summary of the economic analysis set out in detail in Technical Annex B5.

Table 3.2 – Summary of economic analysis

<i>The project's economic rate of return (ERR) – in percentage</i>	14%
<i>Net Present Value (NPV) in MAD million</i>	2195
<i>Discount rate</i>	7%

3.3.3 Based on a sensitivity test (10% increase in project cost and 10% reduction in benefits) the project's IRR is 11.5% and the NPV is MAD 1,432 million. The project is, therefore, economically profitable for the community, and the investment is justified.

Project's Financial Performance Analysis

3.3.4 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 revenue generated by the project (travellers, freight) and assuming a real discount rate of 7%, the net present value (NPV) stands at MAD 213 million. The IFRR for the 2023-2040 period is 7.5%, and the net present value (NPV) is MAD 213 million. Table 3.3 below provides a summary of the financial analysis set out in detail in Annex B5.

Table 3.3 - Summary of financial analysis

<i>Internal financial rate of return (IFRR) – in percentage</i>	7.5%
<i>Net Present Value (NPV) in MAD million</i>	213
<i>Discount rate</i>	7%

3.4 Environmental and Social Impact

Environment

3.4.1. No additional construction activity has been added to the project within the framework of the supplementary financing. The category 2 validated on 07/05/2018 for the PEMARS has been maintained

and validated for the supplementary loan on 26/10/2021. This category is justified by the following factors: (i) the project does not involve the creation or extension of runways leading to a substantial increase in the volume of air traffic, (ii) the area of land required for the project belongs to ONDA, and is already fenced, secured and completely unoccupied, (iii) no ecosystems or protected/sensitive areas are impacted, (iv) the project does not include any related infrastructure that negatively impacts the natural and/or social environment, (v) the airport is certified ISO 9001 and 14001 (2004 version) compliant since July 2012, and has an established integrated Quality & Environment management policy properly implemented by the operational and quality assurance departments, and (vi) the environmental and social performance related to the implementation of the ESMP established for the project is satisfactory.

3.4.2 In keeping with the provisions of Law 12.03, the project does not require the preparation of an ESIA because it involves extensions to existing infrastructure. However, the Bank had agreed with the Environmental Studies Department and the Regional Directorate of Environment that an environmental assessment will be prepared along with an Environmental and Social Management Plan (ESMP), in line with Bank policy, and submitted to a public survey and stakeholder consultations. The ESIA produced was reviewed, validated, and published by the Bank on 16/08/2018 and approved by the Government. The Environmental Clearance Certificate (ECC) was issued on 06/08/2018.

3.4.3 The identified project-related negative impacts occur mostly in the works phase and are generally minor or moderate. They relate to the production of solid and liquid waste, the alteration of air quality by dust and atmospheric emissions, soil pollution from the movement of construction machinery, risks to the safety and health of various categories of on-site workers, as well as minor impacts such as the disruption of road traffic and the landscape. The negative impacts in the operational phase are waste management, noise pollution, and increased energy consumption.

3.4.4. To mitigate the energy impact, the following technical measures were considered in the design: (i) the implementation of double skin facades; (ii) the integration of landscaped patios; (iii) the adoption of natural and mechanical ventilation; (iv) the installation of anti-UV tinted glass and (v) the implementation of natural lighting. Furthermore, the installation of a rainwater collection system was also included to reduce the impact on water resources. In addition to the standard measures for the construction phase translated into E&S clauses included in the bidding documents, the ESMP developed for the project included a monitoring programme for air quality, soil, traffic and noise pollution, as well as a complaints and claims management mechanism. The implementation of measures included in the ESMP is monitored by ONDA's environmental officer in conjunction with the company's HSE expert under the coordination of the PMT.

3.4.5. The ESMP cost was reviewed and updated within the framework of the supplementary loan and re-evaluated at MAD 57,939,660. The E&S performance of the project is considered satisfactory and there is no major non-compliance.

Land Expropriation and Acquisition

3.4.6. The project, as presented, has no impact on land tenure. Therefore, no physical and/or economic expropriation is planned.

Climate and Green Growth

3.4.7. Morocco's dynamism in the launching of transformational airport infrastructure development projects, has induced a steady growth of demand for energy, which the Kingdom 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. Thus, the same CO₂ emission reduction measures remain applicable.

Measures for Reducing Aircraft CO₂ Emissions

3.4.8. To reduce CO₂ emissions due to the increased air traffic induced by the project, several measures are considered for 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) reduction 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 2018-2019 carbon accreditation programme, which will guarantee compliance with international standards of CO₂ emissions in this airport.

Employment and Social Sector

3.4.9. The Rabat-Salé Airport Extension and Modernisation Project will create jobs, especially in areas such as commerce and tourism. An airport platform can generate two categories of jobs: direct and indirect. Thus, the extension of 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 are heavily dependent on air services (tourism, agriculture and exports).

3.4.10. It is estimated that 1,000 temporary jobs will be created during the 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

3.4.11. The project is classified in Category 3 in the Gender Marker System. The promotion of women and the fight against gender-based discrimination is entrenched in ONDA's practices. The Rabat-Salé Airport staff strength comprises 118 ONDA workers, of which 40 (or 34%) women. With gender mainstreaming in the ONDA recruitment policy, this proportion is rising.

3.4.12. In the project area, women are involved in the marketing of agricultural products and crafts and in tourism. Modernisation of the airport will surely contribute to increased air traffic and, consequently, an inflow of tourists, generating new jobs in the tourism sector, which employs over 60% of women. The project will create new direct and indirect employment opportunities for women, up to 40%.

Involuntary Resettlement

3.4.13. The project does not involve involuntary resettlement since works will be carried out within the airport premises. Atmospheric modelling has confirmed that the increase in air traffic will not cause any acoustic inconvenience to surrounding villages. Therefore, resettlement will not be necessary.

3.5 Vulnerability and Resilience

3.5.1. On the political front, Morocco re-joined the African Union (AU) on 30 January 2017 and has for some years been involved in active diplomacy for political leadership on the continent. In line with the strategic projects announced by King Mohammed VI in August 2019 and October 2021, the government has outlined its current priorities, which include: (i) consolidation of resilience efforts

through improved security and social protection (including universal social security and the overhaul and upgrade of the health system); (ii) economic recovery; and (iii) the launch of the New Development Model (NMD).

3.5.2. The COVID-19 pandemic has further accentuated social inequalities—more than 400,000 job losses were recorded in 2021. The Government quickly took measures to mitigate the socio-economic impacts by setting up a special EUR 3 billion Pandemic Management Fund to provide substantial support to businesses and citizens. In 2021, the Government also announced bold complementary measures, in particular universal social security coverage to support all highly insecure population segments in .

3.6 Monitoring and Evaluation

3.6.1. The implementation of all project activities is monitored by the Project Management Team (PMT), which produces quarterly, half-yearly, and annual reports, providing updates on the physical and financial achievements. The Bank's periodic supervision missions also provide an opportunity to discuss the level of implementation of the main project components. This arrangement will be applied to the Bank's supplementary financing.

3.7 Governance

Morocco's country fiduciary risk level is moderate thanks overall to good public financial management processes (budget planning and budgeting, budget execution control, management accounting and reporting, external review and audit). The same applies to budgetary risk monitoring conducted by DEPP, whose primary 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) professionalisation 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 Bank-financed transport sector projects. For each of these projects, the executing agencies complied with Bank procurement procedures and contract management rules in force. Supervision and audit reports revealed no irregularities. For this project, 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. Furthermore, the Bank plans to conduct a mid-term review of project implementation and to prepare a completion report.

3.8 Sustainability

3.8.1. Resources allocated 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 associated with the airport development and modernisation will be systematically incorporated in the ONDA budget under "operating expenses", as is the practice for all airports.

3.8.2. The fundamental 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 demonstrable

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

3.9 Risk Management

3.9.1. The main risks and their mitigation measures are those identified for the initial project and are outlined in Table 3.4 below.

Table 3.4. - Risks and mitigation measures

Category	Description	Risk level	Mitigation measures	Risk driver
Macroeconomic	Slowdown of the development of tourism activities due to exogenous events	Moderate	Continuation of investment and structural reforms in the tourism and health sectors to improve the country's competitiveness/attractiveness/health security. The air traffic projection was based realistic assumptions before the COVID-19 pandemic. Traffic is expected to pick up again when the new airport becomes operational after the pandemic	Govt
Strategy and sectoral policy	Lack of infrastructure maintenance	Low	Prioritise infrastructure maintenance in the allocation of ONDA's budgetary resources	ONDA
Other risk	Delayed mobilisation of the counterpart fund	Moderate	Inclusion of the annual national counterpart contribution in ONDA's budget	ONDA
The executing agency's capacity	Delayed procurement	Low	Use of AC for the only remaining procurement to be financed by the Bank (aircraft aprons)	ONDA
The executing agency's capacity	Delay caused by poor coordination of works execution and the procurement of needed equipment	Low	Make arrangements, notably through enhanced supervision and a mid-term review, planned for the fourth quarter of 2022 to redirect project implementation, to prevent slippages in the implementation of activities	ONDA

IV. JUSTIFICATION IN LIGHT OF THE BANK GROUP POLICY ON SUPPLEMENTARY FINANCING

4.1. Justification in Light of the Scope of Supplementary Financing:

Condition on the scope of supplementary financing	Fulfilment of the condition
<p>9 - The Supplementary Financing Policy enables the Bank, at the request of the Borrower/Beneficiary, to provide additional financing to ongoing well-performing projects to respond to one or a combination of the following cases with appropriate justification:</p> <p><i>(a) when there is a foreseen or an unforeseen financing gap (i.e. changes in financial contributions from the Bank Group or the Counterpart) that cannot be met by the RMC or co-financiers to complete initial project activities, up to a limit</i></p>	<ul style="list-style-type: none"> - PEMARS is deemed efficient in view of the outcomes of the various supervision missions, the latest conducted in September 2021. The project meets all the criteria listed under the scope of the supplementary financing (Paragraph 10). - The Supplementary financing requested will cover part of the Borrower's contribution following the financial difficulties the Borrower encountered during the COVID-19 epidemic. - The amount of supplementary financing remains below 20% of the updated project cost.

4.2. Justification in Light of Eligibility Criteria

Eligibility criteria	Fulfilment of the criteria.
(a) a satisfactory assessment that Supplementary financing is a preferable option to starting a new project (with respect to activities related to preparation, appraisal, and implementation)	The supplementary financing is linked to the initial project and does not entail new activities. It cannot therefore be dissociated from the ongoing initial project.
(b) alignment of the project with relevant Bank Group, country, regional and sector strategies, priorities and policies, and the overall environment is conducive to its success	The supplementary financing is linked to the initial project, which is aligned with the Bank Group's and the Borrower's strategies, priorities and policies. The overall environment is conducive to its success.
(c) consistency of the overall project with the development objectives of the initial project	The Supplementary financing will not alter the development objectives of the initial project.
(d) a satisfactory assessment that the overall project is technically feasible	The Supplementary financing does not entail any technical modifications to the initial project, which remains technically feasible.
(e) a satisfactory assessment that the overall project is economically and financially viable	The project remains economically and financially viable (see paragraph 3.3).
(f) the project as a whole has satisfactory institutional, fiduciary, environmental and social arrangements	Various project supervision missions have confirmed that the institutional, fiduciary, environmental and social arrangements in place as satisfactory.
(g) the project as a whole satisfactorily mitigates project-related risks	Mitigation measures for the risks identified are well implemented.
(h) assessment of the quality at entry (i.e., implementation readiness and likelihood of achieving the expected results) of the overall project is satisfactory	Evaluation of the quality at entry of the whole project is satisfactory.

V. LEGAL FRAMEWORK

5.1. Legal Instrument

The legal instrument used under this project is a loan agreement between the African Development Bank (the Bank) and the Office National Des Aéroports (ONDA), in its capacity as Borrower, matched with a guarantee from the Kingdom of Morocco.

5.2. Conditions Associated with the Bank's Involvement

5.2.1. Conditions precedent to effectiveness of the loan agreement and the guarantee agreement:

Effectiveness of the loan agreement shall be subject to its signature by the Bank and the Borrower. Effectiveness of the guarantee agreement shall be subject to fulfilment, to the Bank's satisfaction, of conditions set forth in Section 12.01 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Bank (sovereign entities).

5.2.2. Conditions precedent to loan disbursement: the first disbursement of loan resources shall be subject to fulfilment by the Borrower, to the Bank's satisfaction, of conditions set forth in Section 12.02 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the Bank (non-sovereign entities).

5.2.3 The commitments made by the Borrower under the initial loan agreements remain in force, particularly regarding environmental and social safeguards.

5.3. Compliance with Bank Policies

The project complies with all applicable Bank policies.

VI. CONCLUSION AND RECOMMENDATION

6.1. Conclusion

The supplementary financing of the Rabat-Salé Airport Extension and Modernisation Project (PEMARS) will make it possible to finance the deficit in the initial financing of the project, which was to be covered by ONDA, without modification of the planned activities, and thus guarantee the proper execution of the project.




6.2. Recommendation

In light of the foregoing, Management recommends that the Board of Directors grant an ADB loan not exceeding EUR 1 million 34.2 be granted to the *Office National des Aéroports* (National Airports Authority) (ONDA), matched with a guarantee from the Kingdom of Morocco as supplementary financing for the Rabat-Salé Airport Extension and Modernisation Project, subject to conditions and modalities set out in this report.

Annex I: Portfolio of Operations under Implementation as at end November 2021

Sector/Operation		Approval date	First disbursement rate	Amount approved (UA)	Current disbursement rate %	Closing date
ENERGY  Light up & power Africa Éclairer & électrifier l'Afrique						
1	Power Transmission and Distribution Network Development Project	02-Dec-09	02-Dec-09	102,462,190	100%	31-Dec-20
2	MIDELT Solar Complex - Phase I - NOORM I Power Plant	06-Dec-17	06-Dec-17	84,780,489		31-Dec-23
	MIDELT Solar Complex - Phase I - NOORM I Power Plant (CTF)	06-Dec-17	06-Dec-17	8,831,301		31-Dec-23
3	PERG	13-Jun-12	13-Jun-12	125,000,000	95.1%	31-Dec-21
4	Al Koudia Al Baida Wind Farm	13-Jun-12	13-Jun-12	40,983,606	80.0%	31-Dec-21
	Al Koudia Al Baida Wind Farm (FTP)	13-Jun-12	13-Jun-12	22,516,556	93.0%	31-Dec-21
5	PIEFER - Tangier 2 Wind Farm	13-Jun-12	13-Jun-12	32,786,885	0%	31-Dec-21
	PIEFER - Tangier 2 Wind Farm (FTP)	13-Jun-12	13-Jun-12	20,529,801	0%	31-Dec-21
6	PIEFER - Step Abdel Moumen	13-Jun-12	13-Jun-12	109,836,065	72.3%	31-Dec-21
	PIEFER - Step Abdel Moumen (FTP)	13-Jun-12	13-Jun-12	39,735,100	66.7%	31-Dec-21
7	Power Transmission Network and Rural Electrification Development Programme	10-Dec-19	18-May-21	195,538,342	0.80%	
Subtotal				876,612,125	45.4%	
TRANSPORT  Integrate Africa Intégrer l'Afrique						
8	Tangier-Casablanca-Marrakech Railway Reinforcement Project	27-Jan-16	07-Jun-16	81,507,341	98.6%	31-Dec-20
9	Nador West Med Port Complex Construction Project	16-Sep-15	01-Jun-16	90,440,663	55.9%	31-Dec-22
10	Rabat-Salé Airport Extension and Modernisation Project (PEMARS)	05-Nov-18	26-Jun-19	61,416,007	23.4%	31-Jun-22
Subtotal				233,364,011	61.7%	
WATER & SANITATION  Improve the quality of life for the people of Africa Améliorer la qualité de vie des populations en Afrique						
11	12 th Marrakech DWS Project	07-Nov-12	17-May-13	100,840,336	84.3%	31-Dec-21
	12 th Marrakech DWS Project	07-Nov-12	17-May-13	27,523,004	76.5%	31-Dec-21
12	Drinking Water Quality and Service Improvement Project (13 th DWS)	08-Jun-16	20-Jan-17	68,549,165	63.7%	31-Dec-21
13	Subcontracting of the management of rural water supply networks (FAPA grant)	26-Apr-16	11-Apr-17	275,398	5.7%	31-Dec-22
14	Water Access Sustainability and Security Project (PPSAE)	05-Nov-18	21-Dec-18	64,961,758	35.4%	31-Dec-24
	Water Access Sustainability and Security Project (PPSAE)	05-Nov-18	21-Dec-18	31,371,868	34.4%	31-Dec-24
15	Subcontracting of the management of DWS Networks	05-Nov-20	01-Apr-21	684,234	0%	31-Dec-25
16	Water Access Sustainability and Security Project - Supplementary financing	29-Sep-21		15,000,000		
Subtotal				294,205,763	61.7%	
SOCIAL SECTOR  Improve the quality of life for the people of Africa Améliorer la qualité de vie des populations en Afrique						
17	Support to UEFM (MIC grant)	29-Jan-16	27-May-16	398,000	100%	30-Jun-21
18	SOUK AT TANMIA	20-Sep-18		3,745,436	55.5%	
19	Programme for Improving Access to Employment	13-Dec-18	03-May-19	69,836,542	55.1%	31-Dec-21
20	Social Protection Improvement Support Programme (PAAPS)	16-Dec-19	30-Jun-20	148,590,575	25.0%	30-Jun-24

Annex I: Portfolio of Operations

Sector/Operation		Approval date	First disbursement rate	Amount approved (UA)	Current disbursement rate %	Closing date
21	Social Protection Improvement Support Programme (PAAPS) - Covid-19 Supplementary financing	02-Nov-20	24-May-21	97,634,950	25.0%	30-Jun-22
Subtotal				222,570,553	52.1%	
AGRICULTURE 						
22	National Irrigation Water Saving Programme Support Project (PAPNEEI II)	13-Dec-16	04-Aug-17	62,617,332	29.5%	31-Dec-22
23	Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR)	27-Oct-21		93,716,869		
Subtotal				62,617,332	29.5%	
GOVERNANCE 						
24	Support for the modernisation of debt management organisational framework - MIC grant	27-Feb-13	10-Sep-13	536,976	90.2%	31-Sep-21
25	DTFE Strategic Study - MIC Grant	21-May-15	25-Sep-19	797,600	68.8%	31-Dec-24
26	Morocco Export - MIC Grant	25-Nov-15	19-Aug-16	630,000	65.6%	30-Apr-21
27	CAFRAD Transformation Support Project (TA to CAFRAD) – MIC Grant	29-Mar-17	30-Jun-17	479,000	97.0%	30-Sep-20
28	Institutional Support to UMA (Phase II) – MIC Grant	30-Mar-17	21-Aug-15	495,365	61.1%	31-Dec-20
29	Capacity-Building Support Project for the National Public Procurement Commission (CNCPC)	12-Dec-18	03-Feb-20	410,000	4.1%	30-Dec-21
30	Support Project for CGEM	29-May-19	21-Jun-19	400,000	8.0%	31-Aug-21
31	National Business Environment Improvement Strategy Development Support Project	11-Feb-21	14-Apr-21	670,000	16.7%	31-Aug-23
32	Results-Based Programme for Enhancing Regional Competitiveness in Morocco (PARACT-M)	18-Dec-19		160,244,737	0%	
33	Financial Inclusion, Entrepreneurship and MSME Support Programme for Economic Recovery (PIFE)	24-Nov-21		98,729,678		
Subtotal				594,438,750	51.4%	
PRIVATE SECTOR, FINANCE AND INDUSTRY 						
34	TEKCIM	06-Dec-17	21-Jun-19	41,126,199	32.0%	21-Dec-32
35	Credit line to the Banque Credit Populaire (BCP)	27-Jun-18	14-Nov-19	84,803,256	100%	02-Apr-20
36	Office Chérifien des Phosphates (OCP) - Jorf Lasfar Phosphate Hub Expansion Programme	22-Nov-18	12-Mar-20	144,704,188	72.2%	04-Dec-22
37	Municipal Equipment Fund (FEC)	28-Nov-19		80,861,662	0%	
Subtotal				351,495,305	74.5%	
TOTAL				2,178,795,328	53.75%	

Annex II: Monitoring Plan

A. Alignment indicator							
Indicator name		Definition/ description		Source	Baselines and target		
<i>Economic growth (GDP) through infrastructure</i>		<i>GDP indicator for the Eastern region</i>		<i>HCP</i>	Baseline (date) Target (date) :		
B. B. Outcome and output indicators (performance indicators)							
Indicator name	Definition/ description	Collection method	Collection Responsibilit y	Reporting Frequency	Outcome Planning		
					2017.	2021.	2024
<i>Annual passenger traffic volume</i>	Number of passengers	Statistics	ONDA	Annually	923,576.	468,875	1.26 M
Annual freight traffic volume	Tons of freight	Statistics	ONDA	Annual	1,650	965	2,800
Traffic volume of annual aircraft movements	Number of movements	Statistics	ONDA	Annual	7,000	4,407	9,500
Flights handled simultaneously at the terminal	Number of flights processed	Statistics	ONDA	Annual	4	4	6
Rabat-Salé Airport ASQ Score	“Airport Service Quality” indicator	Collection of the ICAO indicator	ONDA	Annual	4.09	4.09	4.20/5.00
Gender-disaggregated jobs created	Number of jobs created	Statistics	ONDA	Annual	0		1,700 direct jobs and 3,400 indirect jobs, 40% of which are women
Additional aircraft aprons	Number of spaces	Works progress reports	ONDA	Annual	0	0	6
Additional vehicle parking spaces	Number of spaces	Works progress reports	ONDA	Annual	0	0	1300
Equipment installed in the new terminal	Number of STB walkways	Works progress reports	ONDA	Annual	0		6
Security and safety equipment installed in the new terminal	Number of security and safety equipment	Works progress reports	ONDA	Annual	0		12 RX hold luggage 27 RX hand luggage 7LEDs, 7EDS, 3 BodyScan, 4 tomography machines

Annex III: Map of the Project Area -- Rabat-Salé Airport



Appendix 4 : Rationale for the Level of ONDA Financing

Annex IV: Rationale for the Level of ONDA Financing below 50% of Total Project Cost Country Financing Parameters

Criterion	Analysis
Country's Commitment to implement its overall development programme	<p>The New Development Model (NMD) Commission, mandated by His Majesty in 2019, delivered its findings in April 2021. The pandemic and the health and economic crisis it created undermined the work of the commission both in its process and in its recommendations. The NMD charts a development pathway with specific goals to be achieved by 2035. The NMD proposes a new development perspective: with civil society at the centre, where there is a bottom-up flow of information and needs, and which is based on a complete overhaul the State's role in development. The Moroccan Government, with its continuity and stability anchored in a constitutional monarchy, will be a strategist, regulator and facilitator state. Through the constitution, it is up to the government to decide on the implementation of the NMD and the sequencing of the four thrusts and 17 strategies recommended by the commission. The implementation of the NMD will also be subject to change, with the establishment of a delivery unit and an implementation unit within the Government, so that sectoral policies are approached holistically rather than in silos. During the presentation of its NMD-anchored programme for post-COVID-19 economic recovery to the House of Representatives and in the preparatory documents for the 2022 Finance Law, the Government indicated the main thrusts of the NMD-anchored strategy.</p> <ul style="list-style-type: none"> • <i>From a social point of view, Morocco has made progress in social security and assistance.</i> However, the current system does not cover all potential beneficiaries and is riddled with inefficiencies attributable to the multiplicity of interventions. Following His Majesty's speech in August 2020, the country aims to achieve the following by 2025: (i) universal social security, for 22 million Moroccans; and (ii) universal compulsory health insurance (2022), contributing to the integration of the informal sector. The other reforms include family allowances for all eligible households (2023 and 2024). Lastly, the government intends to extend employment loss compensation to all by 2025. • <i>In terms of business climate, Morocco was ranked 53rd globally and 3rd in Africa in the 2020 Doing Business ranking.</i> Morocco's performance and progress are particularly noteworthy in the dealing with construction permits (16th), getting electricity (34th), paying taxes (24th) and protecting minority investors (37th). However, the country performs slightly worse in getting credit (119th), registering property (81st), resolving bankruptcies (73rd) and enforcing contracts (60th). The Government's priorities, as presented in the Economic and Financial Report of the Finance Law 2022 include stimulating private initiative by removing organisational and administrative obstacles. Moreover, when the new programme was presented to the House of Representatives on 11 October 2021, the consolidation of good governance in the public administration was cited as the third priority. • <i>From the point of view of infrastructure:</i> according to the World Economic Forum's Global Competitiveness Ranking 2019-2020, Morocco has the 3rd best level of infrastructure in Africa, consolidating its position at number 53rd. The Kingdom is particularly well positioned in terms of the quality of its port (24/141st) and road infrastructure (30th). This performance reflects all the investment efforts (development of the motorway network, development of the ports of Tangier Med, Nador and Kénitra, development of Integrated Logistics Platforms and renovation of the railway network) undertaken since the 2000s. Nevertheless, Morocco's ranking is less successful in terms of energy infrastructure (71st). • <i>The World Economic Forum's Global Competitiveness Report 2019-2020 ranks Morocco 45th in efficiency of public institutions and services.</i> Morocco also is ranked low in budget transparency (56th) and judicial independence (55th), but better in the prospects of challenging the rules (20th). One of the new government's three priorities, resulting from the legislative elections of 8 September 2021, is to promote good governance in public administration based on: (i) advanced regionalisation and administrative decentralisation; (ii) modernisation of the administrative apparatus and bringing it closer to the people, while strengthening the quality control of public services; (iii) reduction of spatial differences; and (iv) acceleration of the digital transformation. • <i>Morocco's ranking in the Transparency International's Corruption Perceptions Index</i> has dropped slightly since its highest score of 43 in 2018. In 2020, Morocco ranked 86th with a score of 40, up from 37 in 2012. In 2016, Morocco officially launched the national anti-corruption strategy. By 2025, the country aims to (i) irreversibly and visibly reverse the trend and strengthen citizens' confidence and (ii) improve business integrity and Morocco's international standing. The strategy comprises 10 programmes, one of which concerns public procurement (Programme 7), with the eventual aim of setting up a national public procurement observatory.
Criterion	Analysis

Appendix 4 : Rationale for the Level of ONDA Financing

<p>Financing allocated by the country to the sector targeted by Bank assistance</p>	<p>Air traffic in Moroccan airports has experienced sustained growth over the last twelve years, following the Open Skies Agreement signed in 2006 with Europe, and has grown considerably thanks to the arrival of new low-cost players offering point-to-point deals for flights between the Kingdom's main airports. The Kingdom's tourism policy is supporting this development. Thus, the air traffic has recorded an average annual growth of 7.5% between 2012 and 2019. In 2019, the sector recorded impressive growth in air traffic—more than 25 million passengers, 11.25% higher than the 2018 figure.</p> <p>As a result of the unprecedented impact of the COVID-19 pandemic, the level of activity fell drastically since March 2020. Thus, in 2020, the number of passengers dropped by more than 70%, the number of flights by 65%, airfreight tonnage by 36% and road traffic by 59%.</p> <p>The reduced activity resulted in a 63% drop in turnover in 2020. The operating result fell from MAD 1.3 billion to MAD -1.4 billion. The net result decreased from MAD 566 billion to MAD -1.9 billion.</p> <p>To mitigate the impact of the pandemic, ONDA introduced a cost reduction plan and measures to support its partners, took loans to meet its commitments. Efforts to reduce operating costs extended to all airports and all areas of expenditure.</p> <p>It should be noted that, although the health crisis has had a major impact on all stakeholders in the civil aviation sector, international organisations predict a return to normality and sustained growth within two (2) years and four (4) years at the latest.</p> <p>To support the country's socio-economic development, Morocco has developed various strategic plans, including the national civil aviation Strategy (Ajwae 2035), which aims at transporting 70 million passengers, 182,000 tons of goods and handling 515,000 air movements per year by 2035. This ambitious strategy requires the implementation of an important investment programme amounting to MAD 94 billion, including 40 billion MAD for infrastructure and MAD 37 billion for the fleet.</p> <p>Within the framework of Ajwae 2035, in the context of the COVID-19 crisis, ONDA has established a new strategic plan for 2021-2025 with the following thrusts:</p> <ul style="list-style-type: none"> • preparation for the new normal; • strengthening the level of cooperation with all actors in the ecosystem; • innovation in services and infrastructure for sustainable growth; • promotion of operational and environmental excellence in the best safety and security conditions at all airports; and • opening up more to the world. • A 2021-2030 investment programme covering: <ul style="list-style-type: none"> ○ completion of the construction of the new terminal at Rabat-Salé Airport; ○ development of Tetouan Airport; ○ development of Al Hoceima Airport infrastructure; ○ construction of a new terminal at the Tangier Airport; ○ renovation of the old terminal at the Marrakech-Menara Airport; ○ renovation of the Agadir Airport; and ○ renovation of Dakhla Airport terminal infrastructure <p>ONDA's investment budget for 2022 is MAD 1,729 million, including MAD 871 million for development of the capacities of the Rabat-Salé, Al Hoceima, Agadir, Tetouan airports.</p> <p>To relieve ONDA's cash flow, the government:</p> <ul style="list-style-type: none"> • will bear the costs related to the acquisition of land for airport development and capacity increase projects, with an estimated budget of MAD 655 million; and • reimburse ONDA the VAT credit for 2019-2020, which amounts to MAD 585 million
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Appendix 4 : Rationale for the Level of ONDA Financing

<p>Country's fiscal situation and debt level</p>	<p><i>I) <u>Budget</u></i></p> <p>After several years of fiscal consolidation, the pandemic and the poor agricultural season (2019/2020) have had a negative impact on Morocco's budget deficit, which doubled from 3.6% of GDP in 2019 to 7.7% in 2020. The growing deficit is attributable to: (i) a decline in consumption, leading to a reduction in indirect taxes, which accounts for half of tax revenue; (ii) a drop in direct taxes; and (iii) an increase in consumption and civil service personnel expenses.</p> <p>In 2021, the composition of the recovery will shift towards investment, with a minimal foreseeable impact on the budget deficit. In 2021, the overall budget deficit was expected to fall to 6.3% of GDP, maintaining the fiscal stimulus of 2020. The recovery of investment will be achieved through: (i) the Mohammed VI Investment Fund. The Fund, established in the 2020 supplementary budget, was endowed with MAD 15 billion (about 1.5% of GDP). The Fund is expected to evolve into a private company, responsible for attracting private financing (with a target of MAD 30 billion) and investing in infrastructure and small private business development, including through participation in private equity funds; (ii) and indirectly through the large state-guaranteed and subsidised credit programme. Expenditure is also expected to increase (by about 0.5% of GDP) due to the expansion of the public medical insurance scheme to the self-employed and low-income earners.</p> <p>According to the International Monetary Fund (IMF), in the medium term, the overall fiscal deficit is expected to decline gradually to 4.8% of GDP by 2024, owing to: (i) a significant increase in non-tax revenues (from the mobilisation of public real estate assets of about 4.5% of GDP between 2021 and 2024); (ii) a gradual reduction of the payroll; and (iii) privatisation revenue of about 1.33% of GDP, which will limit the government's financing needs.</p> <p><i>II) <u>Debt</u></i></p> <p>At the end of 2021, the Treasury's debt-to-GDP ratio stood at 74.9%, down 1.5 points compared to end-2020, which was marked by the advent of the Covid-19 pandemic.</p> <p>The debt structure remains sound and shows cost and risk indicators at controlled levels and in line with or close to the objectives set for the benchmark portfolio (BP). By debt component, the share of domestic debt stood at 77% against 23% for external debt, in keeping with the composition of the BP by type of debt, i.e. 70%-80% domestic debt and 20%-30% external debt. The cost of the Treasury's debt at end-2021 is estimated at 3.4%, down by 0.2 points compared to end-2020, for a predominantly fixed-rate debt (93.6% compared to a minimum of 85% of fixed-rate debt at the BP level). Despite the increase in the State's financing needs, the refinancing risk remains quite limited, especially given the fairly long average life of the Treasury's debt (7 years 2 months), and the share of short-term debt in the debt portfolio, which stood at 12.6% at end-2021 (within the 30% threshold retained under the BP).</p> <p>The external debt stock stood at MAD 203.8 billion, up by MAD 4.1 billion compared to a year earlier. In relation to GDP, the external debt decreased by 1 point at the end of 2021 to reach 17.3% against 18.3% at end-2020. Multilateral and bilateral creditors hold 65% of this debt, and its structure by currency shows a 63.1% share of debt denominated in EUR, 32.1% in dollars and related currencies and 4.8% in other currencies. This structure remains close to that of the current Dirham quotation basket (EUR 60%; USD 40%), which reduces the exposure of this portfolio to exchange rate risk.</p> <p>At the end of 2021, Morocco fulfilled all its financing commitments vis-à-vis its internal partners and external official creditors without recourse to the international financial market. The domestic market remains the main source of financing for the State and has been able to cover the majority of its financing needs, demonstrating the depth and liquidity of this market.</p> <p>The S&P rating agency has maintained Morocco's rating at BB+ with a stable outlook since April 2021. Furthermore, the government is making substantial efforts to ensure that the country's economic recovery and the reforms that it has begun continue.</p> <p><i>Corporate debt exceeds 74% of GDP, according to Bank Al-Maghrib's 2020 Financial Stability Report.</i> After a 3.9% increase in 2019, the annual growth rate of the financial debt of non-financial companies has slowed down to 2.4%, totalling nearly MAD 807.7 billion. Despite the deceleration of the corporate financial debt, the ratio of their debt-to-GDP increased to 74.1% at the end of 2020 after remaining at 68.4% in 2018 and 2019. This trend is attributable to the sharp contraction of GDP in 2020 in the wake of the health crisis.</p>
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**Annex 5: ENVIRONMENTAL AND SOCIAL COMPLIANCE
NOTE (ESCON)**



A. Basic Information³	
Project Title: RABAT-SALÉ AIRPORT MODERNISATION AND EXTENSION PROJECT (PEMARS) - ADDITIONAL LOAN	Project "SAP code": P-MA- DA0-007
Country: Morocco	Lending Instrument⁴: DI <input checked="" type="checkbox"/> (Additional Financing) FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>
Project Sector: Transport	Task Team Leader: Mohamed El Abass WADE
Appraisal date: 08/10/2021	Estimated Approval Date: 09/03/2022
Environmental Safeguards Officer: B.BCHIR	
Social Safeguards Officer: xxxx	
Environmental and Social Category: 2	Date of categorization: 26/10/2021
Operation type: SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
Is this project processed under rapid responses to crises and emergencies?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Is this project processed under a waiver to the Integrated Safeguards System?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

B. Disclosure and Compliance Monitoring	
B.1 Mandatory disclosure	
Environmental Assessment/Audit/System/Others (specify: ESIA)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	06/08/2018
Date of receipt, by the Bank, of the authorization to disclose	15/08/2018
Date of disclosure by the Bank	16/08/2018
Resettlement Action Plan/Framework/Others (specify: N/A)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
Vulnerable Peoples Plan/Framework/Others (specify: N/A)	
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why:	
.....	

B.2. Compliance monitoring indicators	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

C. Clearance			
Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?			
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
Prepared by:	Name	Signature	Date
Environmental Safeguards Officer:	Beya BCHIR		11/01/2022
Social Safeguards Officer:	xxxxxx		
Task Team Leader:	Mohamed El Abass WADE		11/01/2022
Submitted by:			
Sector Director:	Mike SALAWOU		14/03/2022
Cleared by:			
Director SNSC:	ISSA, MAMAN-SANI		14/03/2022

³ **Note:** This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

⁴ **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.

Annex VI: CONSTRUCTION OF THE NEW TERMINAL AT RABAT-SALÉ AIRPORT
(as of 31/12/2021)

1. INTRODUCTION

The Rabat-Salé Airport's new terminal construction project is part of the development of the airport platform, equipping the Kingdom's capital city with a landmark modern infrastructure capable of handling 4 million passengers per year by 2040, with the implementation of the latest generation airport equipment and taking into account measures attuned to international norms and standards of safety, security and service quality.

2. CONTENT

The project consists of the completion of the following:

Building

The construction of an entirely new terminal with a total area of approximately 71,000 m². The new terminal will be built in five levels:

- Level -6.00: a total area of 18,500 m², comprising an automatic baggage handling system at departure, a baggage delivery area at arrival and an area dedicated to technical installations.
- Level -3.10: a total area of 6,500 m² dedicated to technical installations and ductwork.
- Level +0.00: an area of approximately 31,600 m², comprising a public concourse with an aircraft display area, a baggage check-in room with a new counter layout, a screening area, a remote boarding room, a baggage delivery room and a red and green circuit for customs control on arrival.
- Level +4.00: an area of 1,900 m², dedicated to passenger disembarkation, equipped with gate parking positions and moving walkways.
- Level +8.50: a total area of 12,500 m², comprising a boarding lounge for the gate parking positions, a commercial area based on a new "walk-through" concept, a food court and airline lounges.

Infrastructure

- Exterior landscaping, access roads to the new terminal, green space.
- Construction of a two-level car park (basement +1) for the parking of 1300 vehicles.
- Construction of an aircraft apron capable of accommodating 6 medium-haul or 3 large aircraft.

Equipment

- Supply and installation of automatic baggage handling system.
- Supply and installation of safety equipment.
- Supply and installation of moving walkways.
- Signage and airport furniture.
- Reinforcement of the MV line.

- Manufacture of model aircraft.
- Installation of IS equipment.

3. PROGRESS REPORT

3.1. CONTRACT AWARDS

Designation	Status of implementation	Amount
Studies		
MOD	Ongoing monitoring	20,000,000.00
Architect	Ongoing monitoring	43,335,000.00
Technical Design, Office 1	Terminated	13,000,000.00
Technical Design, Office 2	Ongoing monitoring	17,000,000.00
Control Office	Ongoing monitoring	3,100,000.00
Coordination Office	In the process of termination	7,800,900.00
Laboratory	Ongoing monitoring	2,567,500.00
Terminal Topographer	Ongoing monitoring	112,350.00
Topographer for aircraft and vehicle parking and exterior fittings	Contract awarded	125,000.00
Environmental and social audit and monitoring	Contract awarded	893,000.00
Financial audit	In progress	283 000.00
Building		
Construction of the new TCE terminal	Work in progress	973,652,449.42
Signage	BI for Q1 2022	20,000,000.00
Airport furniture	BI for Q1 2022	20,000,000.00
MV line reinforcement	BI for Q1 2022	13,000,000.00
Manufacture of model aircraft	BI for Q1 2022	13,000,000.00
Outdoor design		
Construction of a car park and access roads	Contract notified	151,401,712.87
Equipment		
Automatic baggage handling system	Contract awarded	91,192,676.24
Supply and installation of security equipment for baggage handling	Under tender	26,107,900.00
Supply and installation of security equipment for passenger processing	BI for Q1 2022	70,000,000.00
Moving walkways	BI for Q1 2022	42,000,000.00
Computer systems	IFB for Q1 2022	40,000 000.00
Infrastructure		
Construction of aircraft aprons	BI for Q1 2022	86,000,000.00

3.2. TERMINAL WORKS

DESIGNATION	Implementation status
CRANE INSTALLATION	7 Cranes
MAJOR WORKS (excluding external works)	93%
Horizontal elements - Level -6.07	
GROUND BEAMS	100%
FOOTINGS	100%
INVERT	100%
Vertical elements - Level -6.07 to -0.07	
COLUMNS	100%
PERIPHERAL WALLS	99%
Horizontal elements - Level -3.17	
GROUND BEAMS	95%
INVERT	70%
FOOTINGS	92%
Vertical elements - Level -3.17	
COLUMNS	50%
PERIPHERAL WALLS	80%
Horizontal elements - Level -0.07	
TILES PH -6.07	98%
TILES PH -3.17	35%
TILING	00%
External works	
Right ramp	25%
Left ramp	30%
Airside emergency exits	30%
Vertical waterproofing work	25%
Steel structural components	4%
Precast main columns	99%
Precast façade columns	46%
Interior columns	18%
Façade columns	0%
Progress rate (building contract)	33%
Overall project progress	25 %

Annex VI: Project Progress Report

Below are the factors responsible for timeline shifts:

- **Award of the terminal contract:** 2 months
- **Change of Technical Consultancy firm:** 7 months
- **Crane installation:** 4 months
- **COVID-19 pandemic:** 3 months
- **Change of agent and withdrawal of SINOHYDRO:** 3 months
- **Amendments to plans:** 3 months
- **Inclement weather:** 2 months
- **Inclement weather forecast:** 2 months
- **Additional work:** 3 months.

The delay caused by the above factors amounted to **29 months**.

In view of these schedule delays, the new project timelines are as follows:

- The estimated works completion date is now **31 August 2023**.
- The anticipated terminal commissioning date is **31 December 2023**.