INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC1177

Date ISDS Prepared/Updated: 17-Feb-2015

Date ISDS Approved/Disclosed: 25-Feb-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Morocco	**Project ID:**	P151128
Project Name:	Morocco Integrated Urban Water Management (P151128)		
Task Team Leader(s):	Xavier Chauvot De Beauchene,Richard Abdulnour		
Estimated Appraisal Date:	08-Sep-2015	**Estimated Board Date:**	17-Dec-2015
Managing Unit:	GWADR	**Lending Instrument:**	Investment Project Financing
Sector(s):	Water supply (100%)		
Theme(s):	Water resource management (50%), City-wide Infrastructure and Service Delivery (50%)		

Financing (In USD Million)

Total Project Cost:	120.00	Total Bank Financing:	100.00
Financing Gap:	0.00		

Financing Source	Amount
Borrower	20.00
International Bank for Reconstruction and Development	100.00
Total	120.00

Environmental Category:	A - Full Assessment
Is this a Repeater project?	No

B. Project Objectives

The Project Development Objective (PDO) is to ensure water security for urban communities in targeted, water-scarce areas in the Project provinces and to introduce an integrated management approach based on an economic optimum.

C. Project Description

Currently, the three urban areas under the Project, Al Hoceima in the North, and Sidi Ifni and

Tarfaya in the more arid South, face an increasing water supply and demand gap. Over time, as existing resources are over-exploited and conventional water resources alternatives are limited, increasingly expensive and unsustainable, these areas will fail to meet increasing domestic, touristic and industrial demand. Demand management and service delivery performance improvements are necessary, but not sufficient. Consequently, desalination appears to be a necessary alternative to meet the additional water supply demand, and ensure security as well as quality of supply.

In these areas, the Project aims at taking a holistic view of the overall water situation in the project areas, with the objective to serve as an entry point to the development of an integrated urban water management (IUWM) approach consisting of conjunctively exploring supply and demand side solutions. This would be the first attempt to introduce an integrated urban water management approach in Morocco and in the MENA region. The ambition is therefore to demonstrate the interest in such IUWM approaches through the project, by linking the necessary introduction of desalinated water, which is more expensive, with network performance improvement and demand management. This ambition also implies establishing close coordination mechanisms within the National Electricity and Potable Water Utility ("Office National de l'Electricité et de l'Eau potable" or ONEE) and between ONEE, river basin agencies and municipalities, which the project will support. A modest, phased and bottom-up approach was preferred to ensure concrete and demonstrative results, which could pave the way to potential scale up and mainstreaming in a later phase.

As such, the Project would include three components, as follows.

Component 1 – Securing sustainable water supply.
As indicated above, the limited availability of alternative water resources makes desalination the most economically reasonable option to secure a sustainable water supply in the short run. This Project will introduce an innovative performance-based PPP for the construction and operation of the three medium size desalination plants envisaged under the Project:
- A Reverse Osmosis desalination plant in Al Hoceima, with a production capacity of 200l/s (17,280 CM/day, i.e 6.3 BCM annually);
- A Reverse Osmosis desalination plant in Sidi-Ifni, with a production capacity of 100l/s (8,640 CM/day, i.e 3 BCM annually);
- A Reverse Osmosis desalination plant in Tarfaya, with a production capacity of 15l/s (1,296 CM/day, i.e 0.5 BCM annually).

Component 2 – Service delivery performance improvements.
The Project would complement the implementation of ONEE's national performance improvement program in the Project area to (i) conduct leak investigations and repairs, (ii) perform targeted maintenance and rehabilitation works, (iii) upgrading metering equipment, including remote equipment, especially for conveyance networks, and (iv) improving network monitoring tools and billing practices. From a technical standpoint, the underlying idea is that while the utility will inject into the networks water which is more expensive to produce, it ought to ensure that it delivers and bills the greatest possible share of this water to the end-users. The proposed IUWM approach will however aim at introducing a whole new way to consider performance improvement, adding a management and economic dimensions to it. The project will also seek to support the development of management tools for better service delivery performance monitoring and management, possibly through the development of GIS systems combining technical and commercial information, or comprehensive maintenance management systems. The activities to be supported in this respect may not all be site specific.

Component 3 – Demand optimization and institutional capacity-building.
Combining supply augmentation, performance improvements, and conservation into one single operation, while assessing interrelated externalities such as water quality (e.g. reduction in sulfate rates in Al Hoceima), wastewater impacts and potential for reuse, energy use and potential for renewable energy coupling, and solid waste management, pioneers an IUWM approach in Morocco. This component would therefore include mostly consulting services such as technical assistance for the design and implementation of water conservation campaigns, institutional assessments to identify the optimal set-up for an integrated approach, support to the establishment of associated coordination and governance, water demand analysis, support to the introduction of citizen engagement activities (stakeholders assessment, customer satisfaction survey, report cards), feasibility studies to analyze possible alternative water resources and inform planning documents.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

In the Al Hoceima province in the North, the city of Al Hoceima and surrounding urban centers are supplied by water derived from the "SMBAK" dam and two aquifers (Ghiss and Nekor). However, the dam capacity is significantly reduced due to silting and groundwater abstracted from the Ghiss and Nekor aquifers is less abundant and faces a natural pollution by sulfates in levels exceeding the norm for water supply. Currently, ONEE needs to mix ground water with dam water in order to meet the norm for water supply. Moreover, increasing domestic, touristic and industrial demand will lead to a fourfold increase of the water gap, from 2 MCM (15% of demand) in 2015 to 8 MCM (50%) in 2030. There is a risk that ONEE cannot ensure the continuity of water supply service starting in the summer of 2015. To reduce this increasing gap, conventional water resources alternatives (new dams, de-silting, water transfers) are limited, increasingly expensive to convey and treat and unsustainable. Demand management and performance improvements are necessary, but not sufficient. Consequently, desalination appears to be a necessary alternative to meet the additional water supply demand, and ensure security as well as quality of supply.

In the more arid South, the city of Sidi Ifni is mostly served by water transferred from the Youssef Ben Tachfine dam and several aquifers are overexploited, which resulted in saline intrusions. Similarly to Al Hoceima, Sidi Ifni will suffer from a water deficit estimated to reach 6 MCM in 2030 (40% of projected demand). An extension of the water supply treatment plant fed by the Youssef Ben Tachfine dam is considered to meet increasing demand linked to rural water service extensions in the Tiznit and Chtouka Ait Baha areas. These activities are to be funded under the recently approved Rural Water Supply Project (P145529). Desalination through coastal wells, in complement or substitution of the current aquifer abstraction, is expected to curve down saline intrusion in the coastal aquifer.

The smaller city of Tarfaya, located a few kilometers North of the Saharan Provinces, is served only by treating brackish groundwater. Its population is expected to double by 2030 to reach 15,000 inhabitants, due in part to economic development activities in this area. As a result, the projected water deficit is expected to reach 0.3 MCM in 2030, which corresponds to 50% of projected demand. In these areas, conventional water resources are extremely scarce, and there are no credible alternatives to non-conventional water resources.

E. Borrowers Institutional Capacity for Safeguard Policies

ONEE will be the Borrower, with a guarantee from the Kingdom of Morocco. Within ONEE, the Technical and Engineering Division ("Direction Technique et Ingénierie" or DTI), in close coordination with the Sanitation and Environment Division ("Direction Assainissement et

Environnement" or DAE), will be responsible for the environmental assessment. The DAE, in close coordination with the Regional divisions ("Directions Régionales" or DRs) in charge of implementing and monitoring project activities, will be responsible for environmental monitoring. DTI, DAE and DRs staff are highly skilled and have benefited from considerable capacity building for environmental assessment and monitoring through on-going engagement with the Bank.

The Legal Division ("Direction des Affaires juridiques" or DAJ) of ONEE, in close coordination with the DRs, will be responsible for the preparation, implementation and monitoring of land acquisition plans. DAJ and DRs staff are highly skilled and experienced in land acquisitions under the Moroccan legislation, and have benefited from considerable capacity building for implementation of the Bank's Resettlement Policy through on-going engagement with the Bank.

Current ONEE capacity for implementation the Bank's Safeguard Policies is deemed satisfactory, with potential improvements identified mainly in terms of monitoring the implementation of environmental management plans and land acquisition plans. The team will ensure that skilled staff remain involved in the project. In addition, the implementation support technical assistance will include experts to support ONEE on these aspects.

F. Environmental and Social Safeguards Specialists on the Team

Arbi Ben Achour (GSURR)

John R. Butler (GSURR)

Khalid Anouar (GWADR)

Najat Maalla M'Jid (MNCMA)

Taoufiq Bennouna (GENDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project is classified as Category A for full assessment. Draft Environmental and Social Impact Assessments (ESIA) for each Project area have been conducted and reviewed by the Bank. Comments were shared on each of them with ONEE. ESIA terms of reference and draft ESIAs will be subject to a public consultation. ONEE is currently working towards completing the ESIAs, including in particular (i) conducting a dispersion modeling study of brine discharge from desalination, (ii) extending the analysis of impacts to all project activities (including secondary infrastructure and performance improvement works), and (iii) including externalities such as water quality, energy consumption, wastewater discharge, and impacts of waste management. Revised ESIAs will mainly address impacts from and mitigation measures for desalination infrastructure. Impacts from any secondary infrastructure (under component 1) or downstream performance

		improvement works (under component 2), should be limited, and could therefore also be addressed in the corresponding ESIA for each Project area. In accordance with Category A classification, ESIAs will be consulted on in each project area and will be disclosed in-country and on the InfoShop prior to appraisal and 120 days prior to Board Date.
Natural Habitats OP/BP 4.04	TBD	Ongoing ESIAs will help determine whether there are potential impacts on riparian ecosystems.
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	TBD	Ongoing ESIAs will help assess whether archaeological artifacts exist in some project sites.
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/ BP 4.12	Yes	While no involuntary resettlement is expected under the Project, there will be permanent and temporary limited land acquisition. Resettlement Acquisition Plans (LAPs) will be prepared for each desalination plant as site locations should be known prior to appraisal. A Resettlement Policy Framework (RPF) will also be prepared for the whole Project to cover for potential land acquisition, in particular for other works under component 1 or performance improvement related works under component 2, for which locations would not be known prior to appraisal. RPF and RAPs will be consulted on and will be disclosed in-country and on the InfoShop prior to appraisal.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/ BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Jun-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing[1] should be specified in the PAD-stage ISDS:

[1] Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

Revised ESIAs, RPFs and RAPs, are expected to be completed and published by June 30, 2015. All approved safeguard documents (ESIAs, RPFs and RAPs) will be disclosed in country's appropriate media and to InfoShop, at World Bank headquarters, prior to appraisal. In accordance with Category A classification, ESIAs will be disclosed 120 days prior to Board Date, to comply with the Pelosi Amendment.

IV. APPROVALS

Task Team Leader(s):	Name: Xavier Chauvot De Beauchene,Richard Abdulnour	
Approved By:		
Regional Safeguards Coordinator:	Name: Nina Chee (RSA)	Date: 18-Feb-2015
Practice Manager/ Manager:	Name: Steven N. Schonberger (PMGR)	Date: 25-Feb-2015

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