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I. Country Context

Morocco has been on a steady economic development path in the past decades while still facing social challenges. Growth in GDP per capita recently averaged 4.4 percent over a ten-year period compared to 4 percent over the 1994-2003 period, as GDP per capita increased from USD 1,881 in 2004 to reach USD 3,108 in 2013. Morocco has proved relatively resilient in the face of the recent global economic slowdown. However, despite these economic gains that contributed to a steep decline in the overall unemployment rate (from 15.8 percent in 1990 to 9 percent in 2013), the lack of job opportunity remains a serious social issue for citizens, especially the youth. The labor force aged 15 to 24 years is twice less likely to be employed than adults with an unemployment rate reaching 18.5 percent. Overall, less than half of the Moroccan population is economically active, with one of the lowest labor participation rates among emerging economies. This is especially true for women who have with a very low participation rate of 25 percent. Broadening access to opportunities for citizens that are disproportionately excluded from the economy and have limited voice is an important challenge.

Morocco is currently in a relatively advanced stage of its urban transition due to rural exodus and the rapid growth of urban population in the last decades. Twenty million inhabitants currently reside in cities, representing 60 percent of the population of the country as opposed to 5 million in 1970 (35 percent of the total population). By 2050, it is anticipated that 70 percent of the population will live in urban areas, which will represent an addition in urban population of ten million. The rural population will mostly stay flat in the same period[1]. Approximately one third of the urban population, representing close to 6 million, is located in agglomerations of more than one million inhabitants. Most of the continuing urban development in Morocco occurs at the cities' peripheries at relatively low densities, away from high density areas concentrated in the urban centers.

Urban areas contribute more and more to Morocco's economy while entrenched urban poverty, vulnerability and inequality remains. The country's urban sector is the most important contributor to the national economy as cities represent around 75 percent of Morocco's GDP. Despite this, close to a million

[1] Projections from the Government Statistical Agency (*Haut-Commissariat au Plan* - HCP).

inhabitants (5.3 percent of the urban population) in Moroccan cities live below the relative poverty threshold, surviving on less than USD 1.3 of expenditures per day. An additional 13.6 percent of the urban population (more than 2.3 million citizens) is considered economically vulnerable with daily expenditures ranging from USD 1.3 to 1.9 per person[2]. This population has a higher probability than average of falling into poverty when exposed to negative personal events. Inequality hinders the potential for economic growth to reduce poverty rates further and delays the emergence of a larger middle class.

Demand for urban mobility in Morocco's main primary and secondary cities has sharply increased in the last decades. Several factors that are anticipated to persist through the next decades explain this situation. The country's cities have spread rapidly due the sustained urbanization and population's demand for lower density residential areas. Morocco's recent economic progress has resulted in more fast-paced activities and the development of many business activities outside the city centers. Significant societal shifts, such as the greater presence of women in the labor market and the greater autonomy of younger households, have also contributed to increased mobility needs. These changes have resulted in a considerable growth of journeys: most cities have at least doubled the total number of trips taken in the last 30 years. A significant lengthening of commutes has also been noted. This has put enormous pressure on the urban transport systems of Morocco's main cities.

The Arab Spring contributed to underscore the strong demand from citizens for improved public services, especially in urban areas, which are yet to be fully satisfied. The results achieved through peaceful political transformation were the adoption of an inclusive program enabling the strengthening of the governance framework in order to foster progressive political, institutional, and social reforms. The Constitution adopted in 2011 explicitly recognized social rights of citizens and provided a framework for improved local governance of public affairs through increased decentralization. The achievement of promised reforms by the central governments and cities[3] has definitely been slower than expected for several reasons, among which is the relatively unfavorable external economic environment affecting the country and persistent weaknesses in the capacity to manage the increasing demand for public services, particularly at local level. Faster progress is still needed, notably in the areas of quality of public services delivered.

II. Sectoral (or multi-sectoral) and Institutional Context

Cities are in charge of public urban transport with support and oversight from the central government. The Municipal Charter (*Charte Communale*) of 1960 transferred the provision of public urban transport services, including the maintenance of its infrastructure and equipment, to the cities. In most cities, public urban transport services are provided by private operators under concession or delegated services contracts. The Ministry of Interior (MoI), through the General Directorate of Local Governments (*Direction Générale des Collectivités Locales* - DGCL), is the line ministry of the sector. It is responsible to provide support and oversight to the activities of the cities in urban transport in addition to the design, implementation and monitoring of specific central level measures to promote the sector. The Ministry of Economy and Finance (*Ministère de l'Économie et des Finances* - MEF), especially its Directorate of Budget (*Direction du Budget - DB*), is in charge of selectively funding urban transport infrastructure through the General Budget. The Ministry of Urban Planning (*Ministère de l'Urbanisme* - MU) oversees the regulation of land use in urban areas that strongly influences urban development and urban transport. The Ministry of Equipment, Transport and Logistics (*Ministère de l'Équipement, du Transport et de la Logistique* - METL) provides technical support on the implementation of urban transport projects.

Users of public urban transport are suffering from inadequate speed and reliability. The reported commercial speed of public urban transport is particularly low and unpredictable. It may falter to around

[2] Data from the HCP.
[3] Also referred to as Municipalities or *Communes Urbaines*.

5 kilometers per hour on average in the country's densest urban areas during peak hours, which is largely comparable to the worst performing middle-income countries. This situation is mostly due to frequent unnecessary stops, friction with cars, inefficient boarding and alighting, and congestion. It results in a loss of citizens' time, productivity, and quality of life. It also has important financial consequences for the private sector, as urban transport operators consider that it increases their operating costs by at least 10 percent. In addition, it deprives public urban transport of reliability, renders bus schedules useless and contributes even further to its unattractiveness to citizens who may prefer to walk, even several kilometers, for time-sensitive trips. Similarly, frequency of service is unpredictable as most current public transport contracts, procured under a weak legal framework, lack enforceable contractual stipulations on service quality.

The sector's social sustainability remains inadequate, notably for the poor and women. The poor often cannot use public transport services. Public transport coverage of poor neighborhoods is frequently insufficient because of their location in peripheral urban areas and the poor quality of roads. Despite relatively low fares compared to other middle-income countries, the poor are often priced out of urban transport due to the necessity to combine different modes. Urban transport can represent as much 20 percent of the poorest households' incomes in Morocco. Walking remains the primary mode of transport of the poor, although the urban environment is largely unfavorable to pedestrians and the length of trips tends to increase. This situation hinders their access to jobs, education, and health services, which perpetuates the current deficit of social integration. Gender issues in public urban transport are also particularly relevant in Morocco. Indeed, women are significantly less likely than men to have a driving license. Instances of misbehavior, harassment, or violence towards users in general and women in particular have been reported. A majority of women in major cities considers that the state of public transport, particularly in terms of safety, obstructs their access to basic social services, limits their labor force participation, and potentially reduces their income.

There is a strong need for improved integration and accessibility for users of public urban transport. Most users have to inefficiently combine different tickets, passes, and fares for the same journey because of deficiencies in intermodal interoperability. Different modes of transport operate on uncoordinated schedules as operators regard each other as competitors rather than complements. Most urban transport systems lack real-time passenger information systems that provide timely information on available inter-modal options and schedules to potential users. The existing capacity of user-friendly transfer stations[4] is severely insufficient to serve the needs of users. Commuters usually have no choice other than park their private cars in distant parking spots, use individual or shared taxis and/or walk increasingly long distances to reach their connection. Accessibility to public transport is especially problematic for people with limited mobility (PLM), representing up to 18 percent of citizens in major cities (including the elderly and women that are pregnant or are carrying children). Urban infrastructure such as sidewalks, pedestrian crossings, and bus stops severely lack accessibility-related features such as ramps, access paths, lifts, seating, and signs. Boarding on buses can be particularly difficult for PLM, especially when bus stops do not exclusively occur in designated stations.

The urban transport sector is characterized by rising congestion and poor road safety. *The country* leads the MENA region in terms of traffic-related accidents. In 2012, 48,214 traffic incidents occured in the country's urban areas, which resulted in 1,350 fatalities, 4,570 serious injuries, and 61,180 slight injuries[5]. Traffic accidents disproportionately affect the poor as pedestrians, cyclists and motorcyclists are the most vulnerable road users and account for the majority of traffic-related deaths and injuries. In addition, accidents are an economic burden on the community and households, estimated at around 2

[4] Including incentive parking facilities or taxi parks adjacent to public transport stations.

[5] National Committee for the Prevention of Traffic Accidents (*Comité National de Prévention des Accidents de la Circulation* - CNPAC) latest available data (2012)

percent of GDP. Traffic congestion is also a serious issue in the country's major urban areas. For instance, more than a third of Casablanca's main intersections are currently heavily congested. Given current trend, the road network in the other major metropolitan areas could reach saturation in the near future. Congestion adversely affects the quality of life and the economy. It causes stress and frustration among citizens, waste of time and productivity, and unnecessary fuel consumption and vehicle operating costs (VOC), which ultimately decreases competitiveness of cities by increasing transport costs for businesses and industries.

Significant underinvestment partly explains the sector's current state. In the recent past, central government and cities' expenditures on urban transport infrastructure represented merely a third of the necessary investments required to serve the needs of citizens[6]. Most municipalities have focused their modest urban mobility investments on the expansion of road capacity, instead of public urban transport, to cope with the large increase in car ownership over the past decade. Investment needs in public urban transport infrastructure remain substantial, requiring around USD 3 billion over the next decade according to the MoI. Several factors explain the current underinvestment. Cities have limited financial resources for the sector because their local taxing capability is limited, being mostly restricted to property taxation and various minor licensing revenues. For their budget, cities still rely on fiscal transfers (60 percent of their budget on average); the central government is responsible to collect 30 percent of the national value-added tax on behalf of cities. Local borrowing capacity is therefore limited. Finally, funding of public transport is hindered by the absence of a structured funding mechanism by the central government to support the sector.

Poor financial sustainability has stalled the sector's development. Several public and private operators went bankrupt or ceased to operate of in the past decade[7]. The same precarious situation still prevails in the sector. The annual deficit of public urban transport reached USD 55 million in 2013 in Casablanca and Greater Rabat, the country's largest urban areas. Revenues cover only a modest amount of operating costs for several reasons. Fares are relatively low compared to other middle-income countries; they are mostly unsubsidized and rarely raised due to political pressure. Concessions contracts frequently impose public service obligations on operators, such as connecting remote peri-urban areas to urban centers or offering concessionary fares to students and schoolchildren without full compensation by the government. Operators suffer from anarchic competition from shared taxis and the informal sector[8] on the most profitable routes. Operating costs of most operators are strained by high maintenance and fuel costs resulting from aging fleets, and also by substantial personnel costs resulting from historic overstaffing. In this difficult environment, operators have been unable to renew their fleet or expand services to keep pace with demand.

Insufficient institutional capacity still prevails in the sector despite improvement in recent years. The central capacity to monitor the sector and to design and implement technical support programs for the cities is still a work in progress. The DGCL's Division of Urban Mobility and Transport (*Division des Déplacements Urbains et des Transports* - DDUT) possesses adequate expertise and ability to provide technical guidance to cities, particularly to prepare urban mobility master plans (*Plans de Déplacements Urbains* - PDU). However, it has limited human resources given its responsibilities. The MoI also lacks necessary systems and tools (such as an adequate central M&E system for the urban transport sector) to support the sector. At the local level, most cities lack capacity to adequately serve their role in the sector. There is a dearth of experienced and skilled staff with adequate technical expertise, despite several capacity building initiatives that proved worthwhile but limited in scope. Moreover, municipal services in

[6] According to the strategic note on urban transport prepared by the Bank in 2008.
[7] The most notable instances have been the RATC (*Régie Autonome de Transport de Casablanca)* in Casablanca in 2004 and Stareo in Greater Rabat in 2011.
[8] Informal taxis, buses and tricycles.

charge of urban transport are usually overwhelmed with operational and administrative tasks. In addition, a majority of cities (especially smaller ones) have limited implementation capability since they lack experience in management of complex projects and management of large contracts with the private sector for civil works and services.

Deficiencies in the sector's institutional coordination remain despite taken measures. Inter-ministerial coordination of policies and programs for the sector among the main relevant departments remains suboptimal. Established in 2010, the National Commission for Urban Transport (*Conseil National des Déplacements Urbains* - CNDU) has thus far not fulfilled its intended purpose to the fullest. Furthermore, management and oversight of the sector is fragmented between different directorates of the line ministry with occasionally overlapping responsibilities. Moreover, local coordination of cities' efforts in the sector to achieve network synergies or economies of scale is also a work in progress. The required institutional arrangements for inter-municipal cooperation arrangements have not yet been widely adopted and are not completely functional since their introduction in the 2009 amendment of the Municipal Charter. At the agglomeration level, urban transport management and planning agencies were expected to play an important coordination role in the sector. However, the pilot experience in the agglomeration of Casablanca, while successful in many regards, still lacks formal independence and authority. Other entities, especially regions, provinces, wilayas[9], and urban development agencies may take measures, separately or through informal cooperation with cities, to tackle urban transport issues, each within their own competency.

Inadequate policies have adversely impacted urban transport. Car-oriented policies (for example, eased access to car loans) were adopted in the recent past by successive governments to adapt to rising demand for urban mobility. Combined with socio-economic development, these policies have resulted in a rapid increase in car ownership in the last decade (from 1.3 million to 2.3 million cars). In the absence of local urban transport authorities for planning and regulation, the use of public urban transport by citizens has not been traditionally encouraged in Morocco until recent years. Buses, which generally are the most cost-effective and efficient motorized transport mode in cities, still do not benefit from priority schemes or dedicated right-of-ways as it is common in other middle-income countries. In Morocco, buses are forced to share the severely congested urban roads with cars that occupy substantially more road space per passenger. Moreover, due to poor enforcement, the vacuum created by deficient bus services has been filled by other collective modes, such as shared taxis and the informal sector. These modes are fragmented and poorly regulated, and they therefore generate negative social and environmental externalities. Finally, in a context of rapid urbanization, transport and urban planning (including land use) have not been properly integrated, as shown by recent remote urban developments with poor access to employment and urban services in the country's largest agglomerations.

III. Program Scope

A.1 Government Program

The GoM has designed a broad coherent program of investments and institutional reforms to develop the country's urban transport sector. To do so, it has consulted numerous stakeholders, including representatives of cities, academics, private operators, consultants, and members of civil society organizations. The Bank has also significantly contributed to shape the program, in collaboration with other donors. Indeed, in recent years, the Bank produced several detailed analysis on various aspects of urban transport in Morocco, such as a strategic action plan for reforms, a study on financing schemes, and a review of disability and urban transport. In addition, the Bank has been providing regular strategic

[9] Regional administrative divisions of the State encompassing several provinces and responsible for (i) oversight of regional projects, (ii) support of cooperation between municipalities, and (iii) supervision of implementation of projects jointly managed by municipalities.

guidance to the central government and cities during the implementation of the 2011 Urban Transport DPL and the preparation of the proposed PforR operation.

The Government program consolidates central government measures and initiatives of cities[10]. Due to urban transport issues being more acute in larger metropolitan areas, the program focuses on the country's largest[11] agglomerations (comprising the main primary and secondary cities), including Greater Casablanca (4 million inhabitants), Rabat-Salé-Témara[12] (2 million), Fès (1 million), Greater Agadir (1 million), Tangier (1 million), Marrakesh (1 million), Meknès (0.5 million), Kénitra (0.4 million), Oujda (0.4 million), and Tétouan-Martil (0.4 million).

The objectives of the Government program are to (i) reduce economic disparities by improving citizens' access to social services and economic opportunities, and (ii) foster urban economic development by enhancing productivity through improved urban transport. In order to reach these objectives, the program is divided into three subprograms: (i) Subprogram 1: Strengthening of the sector's institutions; (ii) Subprogram 2: Increase of the sector's financial resources and sustainability; and (iii) Subprogram 3: Delivery of infrastructure, systems, and services to improve citizens' access to economic opportunities and social services.

Subprogram 1: Strengthening of the sector's institutions

The urban transport sector's development suffers from the deficiencies of cities in terms of institutional capacity and coordination. Local coordination of cities' efforts in the sector is still a work in progress as cities from the same agglomeration may still adopt contradictory urban transport measures. Furthermore, most cities lack capacity to adequately serve their role as service providers in the sector. A majority of cities (especially small ones) fail to deliver urban transport infrastructure and services because of their lack of experience in two areas: management of complex projects, and management of contracts with private providers of civil works and services.

In recent years, these issues as well as a weak regulation hindered the provision of public transport services by private operators. This is illustrated by frequent service lapses or the early termination of a 15-year contract with the main bus operator in Rabat. As a consequence, citizens, central government officials, and city representatives have reached consensus on the need to experiment with a new institutional model for the planning and delivery of public transport services and infrastructure. The Bank has also supported this approach via its in-depth study on utility reform, several approved or ongoing operations[13], and technical assistance[14].

The MoI has designed Subprogram 1 to strengthen the urban transport sector's institutions. It was presented and discussed in numerous events, endorsed by central government officials, and welcomed by municipal representatives and urban citizens. This subprogram aims at strengthening: (i) central government's capacity to monitor the sector; (ii) institutional coordination between cities at the agglomeration level; (iii) cities' technical resources to plan urban transport; (iv) cities' technical capacity to plan urban transport; (v) cities' capacity to deliver and monitor infrastructure and services; and (vi) contractual arrangements between cities and private operators.

Central government's capacity to monitor the sector

[10] As the responsibility for urban transport is delegated to cities by the Municipal Charter.
[11] Based on agglomerations' last available census population (2004) and growth projection.
[12] Also referred to as Greater Rabat.
[13] Solid Waste DPL 3 and 4, Urban Transport DPL, and Local Governance PforR (in preparation)
[14] Local Government Support Program TA (PACT)

The central government, mostly through the MoI, is responsible to supervise and provide financial and technical support to local urban transport. However, to target its involvement, the central government currently relies on M&E systems that are mostly paper-based and limited in depth and scope. This hinders accurate and systematic monitoring of the sector's progress and performance, which results in untimely and unfocused support of the central government to the sector. Therefore, as part of the Government's program, the MoI intends to develop a strengthened computer-based M&E system in the near term.

The DDUT is currently working on this system, drawing lessons from international experience. It has already identified sector-wide needs under the strategic guidance of the Bank. The strengthened system will capture and analyze, either in an integrated fashion or in separate modules, a minimum set of indicators of: (i) sector performance comprising urban mobility supply (including modal shares, fleets, and infrastructure) and demand (including distance and trip length), operating costs, revenues, subsidies and fare levels, and externalities (air quality, safety issues, energy consumption, etc.); (ii) fiduciary performance of projects, including length of procurement, number of bidders, and time for invoice payments; and (iii) project management performance (on time and on budget).

This M&E system would be complemented by a yearly institutional assessment carried out by the MoI to assess the country's largest 25 primary and secondary cities. This assessment would be based, as shown in the table below, on the local (i) level of inter-municipal cooperation and coordination of urban transport, (ii) capacity and resources to plan and monitor urban transport infrastructure and services, and (iii) capacity to implement urban transport infrastructure and services. The resulting score would facilitate monitoring of local institutional progress and needs of cities by the MoI to properly target required support and assistance.

Institutional coordination between cities at the agglomeration level

The country's largest urban areas have rapidly spread in recent years, resulting in the creation of several agglomerations. Today, because of inefficient and mostly informal cooperation, cities can act contradictorily to tackle urban transport issues, each within its own geographical boundaries. Governance structures for inter-municipal cooperation are necessary to efficiently manage services that often go beyond municipal borders, such as urban transport services. By creating a GA, local authorities transfer their responsibility for urban transport to this entity.

The Government's program intends to improve inter-municipal coordination and planning capacity of the sector by encouraging cities to transfer urban transport responsibilities to GAs when necessary. Greater Rabat's municipalities have created the *Groupement Al Assima* as a pilot initiative in 2011. Several other municipalities in the country's largest agglomerations are in the process of establishing GAs. The MoI is currently refining and strengthening the regulatory framework of these arrangements. The MoI has also programmed institutional measures to strengthen the capacity of GAs in order for these structures to properly plan urban transport at the agglomeration level.

Cities' technical resources to plan urban transport

The Government's program also aims at fostering the development of urban mobility master plans (*Plans de Déplacements Urbains* - PDU) by large urban areas, using a structured and participatory approach. These plans must derive from an analysis of primary and secondary data, and from consultations with citizens. They must contain: (i) a review of the local context; (ii) a description of current characteristics of mobility systems; (iii) an identification of current mobility needs, issues, and deficiencies; (iv) the determination of gaps to desired future outcomes by forecasting future mobility demand; (v) an identification and evaluation of potential options to achieve desired mobility outcomes; and (vi) a

recommended action plan and a mid-term priority investment plan.

As part of the Government's program, the MoI will continue to technically and financially sustain cities in developing their PDU. In particular, the DGCL will continue to finance up to fifty percent of the cost of studies and consulting services (with a cap of USD 1.2 million) for the preparation of PDU by reputable firms – several cities have already benefitted from it. Moreover, the DGCL intends to provide cities with methodological and technical tools (such as guides) to improve the quality and relevance of PDUs.

Cities' technical capacity to plan urban transport

To strengthen cities' technical capacity to plan urban transport, the GoM recently organized several capacity building activities. More than 50 regional and cities' staff and representatives have benefited from trainings with the support of donors, including the Bank[15]. Covered topics ranged from traffic management systems and mobility demand management, to environmental and social issues in urban transport planning. Despite the positive impact of these efforts, the consensus is that capacity of cities in the sector remains particularly inadequate in specific areas.

The Government's program intends to improve capacity of cities in the above-mentioned topics to consolidate achieved results and other specific areas. These areas include: (i) the integration of urban transport and urban planning (including land use), (ii) project management applied to urban transport, and (iii) preparation and management of public transport concession contracts. The MoI is in charge of this capacity building, with the support of donors, and in coordination with other ministries, such as the Ministry of Urban Planning (MUP) when relevant.

Cities' capacity to deliver and monitor infrastructure and services

The Government's program includes fostering the creation of sector-specific municipally-owned enterprises (*Sociétés de Patrimoine* - SPs) by associations of agglomeration in the country's largest cities. As local joint-ownership companies (*Sociétés de Développement Local* - SDL), SPs plan, fund and implement urban transport infrastructure investments, and supervise the provision of urban transport services. As SPs operate according to private law, they can attract and retain qualified professionals and consultants better than public entities can. Increased access to human resources typically results in a strengthened capacity of cities for infrastructure and service delivery.

In 2009, Casablanca and Greater Rabat created two pilot SPs to develop their light rail systems: *STRS*[16] and *Casa Transport*. This experience has proved broadly satisfactory, delivering promised infrastructure on time and budget, and providing services that compare favorably to international standards. As a result, other cities in the country's largest agglomerations, such as Agadir and Marrakesh, are in the process of setting up SPs dedicated to urban transport. The GoM, with the assistance of donors including the Bank through its PACT TA, is providing guidance, resources, and tools to cities for the proper creation of SPs (optimal legal and administrative form, staffing requirements, IT and other resources).

Contractual arrangements between cities and private operators

Public transport services in Morocco are mostly provided by delegated services contracts or concessions from cities to private operators. Most operators are currently remunerated through net-cost contracts,

[15] In particular, the Leaders in Urban Transport Planning (LUTP) program, managed by the World Bank, has trained more than a fifty staffers and representatives at the central, regional and local level in Morocco in recent years.
[16] *Société du Tramway de Rabat-Salé* or Rabat-Salé Light Rail Corporation

where the operator retains revenues generated from users in exchange of the provision of a specified service. This situation imposes a substantial commercial risk on the private sector, given the absence of a level playing field in the competition with poorly regulated intermediate modes, such as shared taxis and the informal sector. Consequently, the sector suffers from financial unsustainability: few operators currently make profits, causing occasional service lapses and frequent renegotiations of contract terms.

The Government's program will foster a widespread transition to gross-cost contracts, where the operator receives a per-kilometer compensation from the conceding authority based on the provision of a specified service. Casablanca and Greater Rabat are using this type of contract (as pilot initiatives) to operate their light rail systems. Enforceable contractual stipulations and financial incentives to reliability and quality have proved broadly satisfactory, enabling the provision of services that compare favorably to international standards. However, the transition from net-cost to gross-cost contracts will certainly be progressive. This is due to the terms and remaining maturity of legacy contracts, as well as the considerable technical and institutional capacity required by this shift to control service provision.

Subprogram 2: Increase of the sector's financial resources and sustainability

The urban transport sector is capital-intensive; it will require around USD 3 billion over the next decade, according to the MoI. Nonetheless, the investment capacity of private operators is severely constrained by poor financial sustainability of the sector in Morocco, resulting from contained fares, mostly uncompensated public service obligations, anarchic competition, and uncompetitive cost structure. Furthermore, the investment capacity of cities is constrained by their limited financial resources and their budgetary reliance on fiscal transfers. The GoM plans to bridge this gap by providing grant funding from the central government to worthwhile urban transport infrastructure investments at the local level on a case-by-case basis.

The GoM established the Urban Transport Fund[17] in 2007 as a Special Purpose Account (*Compte d'Affectation Spéciale* - CAS) to serve this purpose. The Urban Transport Fund is intended to be used (i) as a financial incentive to encourage the development of mass transit infrastructure by cities, and (ii) to ensure financial sustainability of such investments by covering expected initial years' operational deficit. A project would be deemed eligible to funding according to criteria related to: (i) strategic, technical, financial and socio-economic relevance; (ii) project's proposed coordination, planning, and implementation arrangements and process; and (iii) urgency of cities' urban mobility needs. Specific criteria still have to be defined.

The Government's program includes making the Urban Transport Fund operational. This includes determining its governance, financial, and human resources arrangements. The MoI and the MEF have made significant progress in identifying the core components of operationalization with the strategic support of the Bank based on international experience. In November 2013, the GoM amended the Budget Law to define the fund's scope and objectives. In July 2014, it issued the official order (*arrêté interministériel*) establishing the fund's governance structure. Furthermore, the MoI and the MEF have agreed to earmark at least USD 230 million annually to the fund. Under the strategic guidance of the Bank, the Urban Transport Fund Committee is currently working on the remaining components, with participation of representatives of the MEF and the MoI.

Subprogram 3: Delivery of infrastructure and services to improve access of citizens to economic opportunities and social services

[17] *Fonds d'Accompagnement à la Réforme du Transport Routier Urbain et Interurbain (FART)* in French

The Government program comprises expenditures for an improved access of citizens to economic opportunities and social services, including (i) area traffic control (ATC) systems, (ii) intersection signal control (ISC) systems, (iii) intelligent transport systems (ITS), (iv) integrated fare collection systems, (v) light rail system, rolling stock and equipment, (vi) transfer stations[18], (vii) bus lanes, (viii) bus rolling stock, and (ix) taxi fleet.

The table below details the expenditures comprised in the GoM's Subprogram 3.

Table 1. Details of the Expenditures comprised in Subprogram 3

Expenditures	**Cities**	***Budget (million USD)***	***Timeline for achievement***
Area Traffic Control (ATC)	Casablanca	16	2016
Intersection Signal Control (ISC)	Agadir	2	2017
	Marrakesh	4	2015
Intelligent Transport Systems (ITS)	Agadir	1	2017
Integrated Fare Collection Systems	Greater Rabat	3	2015
	Casablanca	1	2018
	Marrakesh	1	2016
	Agadir	1	2018
Light Rail System, Rolling Stock and Equipment	Greater Rabat	120	2017
	Casablanca	1,800	2018
Transfer Stations	Greater Rabat	5	2016
	Casablanca	12	2018
	Marrakesh	7	2016
	Agadir	15	2016
Bus Lanes	Greater Rabat	5	2016
	Marrakesh	9	2017
	Agadir	50	2018
	Tangier	11	2015
	Fès	20	2016
Bus Rolling Stock	Rabat	30	2018
	Casablanca	90	2016
Taxi Fleet	Nationwide	20	2015

The table below presents the description and objectives of expenditures comprised in the GoM's Subprogram 3.

Table 2. Description and Objective of Expenditures Comprised in the GoM's Subprogram 3

TYPE	***DESCRIPTION***	***OBJECTIVE***

[18] Also known as interchange stations

Bus Lanes	Goods, works, and services for detailed design, supervision and construction of (i) demarcated or segregated bus lanes, (ii) warning and directional signage, and (iii) carriageway markings.	Improved commercial speed of buses by minimizing unnecessary stops due to traffic congestion.
Area Traffic Control (ATC) Systems	Goods, works, and services for detailed design, supervision and construction and/or installation of (i) ICT equipment and software including closed-circuit television (CCTV) surveillance systems, (ii) hardware and software for traffic control, and (iii) traffic command center.	Improved speed of all vehicles (including buses) due to improved management of traffic flow.
Intersection Signal Control (ISC) Systems	Goods, works, and services for detailed design, supervision and construction and/or installation of (i) on site detection equipment, (ii) hardware and software for traffic control, and (iii) traffic command center.	Improved commercial speed of buses via priority at intersections to minimize delays
Transfer Stations	Goods, works, and services for detailed design, supervision, construction and/or equipment of bus transfer stations (including incentive parking facilities).	Increased convenience of intermodal connections for users.
Integrated Fare Collection Systems	Goods, works, and services for design, construction and supervision of fare collection systems including electronic ticketing machines and smart cards.	Increased convenience of intermodal connections for users.
Intelligent Transport Systems (ITS)	Goods, works, and services for detailed design, supervision, construction and/or installation of (i) on-board General Positioning System (GPS) and (i) Passenger Information Systems (PIS) and hardware.	Improved (i) operational performance of buses via enhanced management of operations, and (ii) accessibility via user-friendly passenger information.
Light Rail Systems	Goods, works, and services for detailed design, supervision, construction and/or installation of light rail systems, rolling stock and equipment.	(i) Improved operational performance of public urban transport through enhanced management of operations, and (ii) increased supply and frequency of public transport.
Bus Rolling Stock	Goods, works, and services for acquisition of bus rolling stock.	Increased supply and frequency of service of buses.
Taxis Fleet	Goods, works, and services for the scrapping and replacement of obsolete taxis.	Increased efficiency of taxi fleet.

A.2 PforR Program

Based on the needs identified during the preparation of the Government's program, and for increased selectivity of Bank support, the PforR Program (the Program) focuses on the following activities:

Activities to strengthen central capacity to plan and monitor the urban transport sector (Results Area 1). These activities cover:

Actions to strengthen central M&E system for the sector including, in this order:

- Identification of sector-wide M&E needs;
- Establishment of standard definitions of key performance indicators (KPIs) based on international benchmarks;
- Determination of data collection principles and methods;
- Determination of requirements and specification of a strengthened central M&E;
- Development of the strengthened central computer-based M&E system;
- Installation and testing of the strengthened M&E system as per specified requirements for at least five pilot cities;
- Design and delivery of training activities to the system's local and regional stakeholders;
- Implementation of the strengthened M&E system for at least five additional cities;
- Review of the implemented system and identification of required changes and future needs; and
- Implementation of revised M&E system for at least five additional cities.

Actions to operationalize the Urban Transport Fund including the specification and adoption of its governance, financial and human resource arrangements to enable the fund to assume its intended functions in a structured fashion. These actions comprise the:

- Preparation and adoption of an Operations Manual to specify the eligibility criteria for grant funding of cities' urban transport proposals and define its operational guidelines;
- Preparation and dissemination of an annual report to provide a comprehensive description of the fund's activities;
- Design and implementation of a support mechanism for cities to increase the level of quality and relevance of proposals submitted to the Urban Transport Fund Committee for grant funding;
- Design and delivery of a capacity building program for the Urban Transport Fund Committee in economic and financial evaluation of urban transport projects;
- Assignment of human resources to the fund's support functions;
- Formal agreement for the provision of financial resources to the fund; and
- Identification, assessment, and recommendation, based on a structured analysis, of sustainable financial resources for the Urban Transport Fund in particular and the urban transport sector in general.

Activities to strengthen local capacity to plan, implement, and monitor urban transport activities (Results Area 2). These activities, focused on primary and secondary cities (of more than 100,000 inhabitants), cover:

Actions to strengthen local capacity to coordinate initiatives at the agglomeration level through associations of agglomeration (GA) including, for each GA, the:

- Definition and adoption of budgetary or expenditure sharing arrangements
- Preparation and adoption of an Operations Manual;
- Appointment of staff with the required skills and qualifications for key positions;
- Preparation and adoption of a Capacity Development Plan;
- Preparation and adoption of a Priority Program, and
- Preparation and dissemination of an annual report that provides a comprehensive description of activities.

Actions to strengthen local technical capacity and resources to plan and monitor urban transport activities through fostering proper preparation of urban mobility master plans (PDUs) using a structured process and a participatory approach, as well as sector-specific capacity building programs. These actions specifically include the:

- Provision of technical support to cities through the development and dissemination of a methodological and technical guide on PDU preparation;
- Provision of financial support to cities through grant-based financial incentives for the adequate preparation of PDUs; and
- Design and delivery of capacity building programs for cities in project management applied to urban transport, transit-oriented development, and the preparation and management of urban transport concession contracts.

Actions to strengthen local capacity to implement and monitor urban transport infrastructure and systems through municipally-owned enterprises (SP) including, for each SP, the:

- Definition and adoption of budgetary or expenditure sharing arrangements;
- Preparation and adoption of an Operations Manual;
- Appointment of staff with the required skills and qualifications for key positions;
- Preparation and adoption of a HR Policy;
- Preparation and adoption of a Priority Program; and
- Preparation and dissemination of an annual report.

Activities to reduce bus journey time on targeted corridors in select cities (Results Area 3). These activities will be located in Casablanca, Greater Rabat, Agadir, Tangier, and Marrakesh. These cities were jointly selected by the MoI and the Bank based on preparedness, interest, and willingness to participate in the Program as demonstrated by their representatives. These activities include subprojects mostly focused on bus infrastructure and systems. These subprojects (i) are cost-efficient to implement and operate, (ii) have high socio-economic impact on citizens, (iii) are more accessible and affordable for the bottom forty percent of the population, and (iv) are often overlooked by central governments and cities. These activities will complement other more sophisticated subprojects (such as light rail systems) that are anticipated to be funded through the Urban Transport Fund.

Program-supported expenditures (detailed in Annex 1) respectively include:

- In Greater Rabat, (i) 60 kilometers of bus lanes[19], (ii) intersection signal control systems, (iii) transfer stations, and (iv) integrated fare collection systems to improve commercial speed of buses, increase convenience of intermodal connections, and ultimately improve affordability for users.
- In Agadir, (i) 15 kilometers of bus lanes, (ii) intelligent transport systems (including passenger information systems), (iii) intersection signal control systems, (iv) integrated fare collection systems, and (v) transfer stations to improve commercial speed of buses, increase convenience of intermodal connections, and ultimately improve affordability for users.
- In Marrakesh, (i) 20 kilometers of bus lanes, (ii) intersection signal control systems, and (iii) transfer stations to improve commercial speed of buses and increase convenience of intermodal connections.
- In Tangier, 20 kilometers of bus lanes to improve commercial speed of buses.
- In Casablanca, area traffic control systems comprising a CCTV surveillance system, which includes one central command center and five hundred cameras covering the city's main

[19] For most instances, bus lanes refer to ones that are segregated from the rest of traffic.

crossroads to reduce congestion and increase speed of public and individual transport.

The table below presents the Program (gray shaded cells) as compared with the Government's program.

Table 3. Comparison of scope between Program (gray cells) and Government's Program, 2015-2019

Subprogram 1: Support of the sector's institutions (80 out of USD 200 million)	
Strengthening of M&E system	Nationwide
Establishment and strengthening of GAs	
Preparation of PDUs	
Establishment and strengthening of SPs	
Capacity building activities	
Subprogram 2 : Increase of the sector's financial resources and sustainability (10 out of USD 20 million)	
Operationalization of the Urban Transport Fund	Nationwide
Subprogram 3: Delivery of infrastructure and services to improve access of citizens to economic opportunities and social services (140 out of USD 2,500 million)	
Area Traffic Control (ATC)	Casablanca
Intersection Signal Control (ISC)	Agadir
	Marrakesh
Intelligent Transport Systems (ITS)	Agadir
Integrated Fare Collection Systems	Greater Rabat
	Agadir
	Casablanca
	Marrakesh
Transfer Stations	Casablanca
	Greater Rabat
	Marrakesh
	Agadir
Bus Lanes	Greater Rabat
	Marrakesh
	Agadir
	Tangier
	Fès
Light Rail System, Rolling Stock and Equipment	Greater Rabat
	Casablanca
Bus Rolling Stock	Greater Rabat
	Casablanca
Taxi Fleet	Nationwide

The table below presents estimated annual expenditures of the Program.

Table 4. Program's estimated annual expenditures, 2015-2019 (USD million)

Expenditures	***Cities***	***2015***	***2016***	***2017***	***2018***	***Total***
Area Traffic Control (ATC)	Casablanca	12	4	0	0	16
Intersection Signal Control (ISC) systems	Agadir	0	1	1	0	2
	Marrakesh	3	1	0	0	4
Intelligent Transport Systems (ITS)	Agadir	0	0	1	0	1
Integrated Fare Collection Systems	Greater Rabat	3	0	0	0	3
	Agadir	0	0	1	0	1
Transfer Stations	Greater Rabat	2	3	0	0	5
	Marrakesh	3	4	0	0	7
	Agadir	0	5	5	5	15
Bus Lanes	Greater Rabat	2	13	0	0	15
	Marrakesh	3	6	0	0	9
	Agadir	14	16	20	0	50
	Tangier	11	0	0	0	11

The table below presents the estimated cost and sources of funding of Program activities

Table 5. Estimated cost and sources of funding of activities supported by the Program

Estimated cost of activities supported by the Program		
Results Areas	***Activities***	***Amount (US$ Million)***
Results Area 1: Strengthened central capacity to plan and monitor urban transport	Strengthening of M&E system	*10*
	Operationalization of the Urban Transport Fund	10
Results Area 2: Strengthened local capacity to plan, implement and monitor urban transport	Establishment and strengthening of GAs	10
	Preparation of PDUs	20
	Establishment and strengthening of SPs	20
	Capacity building activities	20
Results Area 3: Reduced bus journey time in targeted corridors in select cities	Infrastructure and systems (including ATC systems, ISC systems, ITS, integrated fare collection systems, transfer stations, and bus lanes)	140
Total estimated cost of Program activities		***230***
Program funding sources		
Bank loan		200
Contributions from cities, and other donors and development partners		30
Total estimated sources of funding of Program activities		***230***

High-risk activities.

As confirmed during pre-appraisal, the Program does not include any activity likely to have a significant adverse impact on the environment and/or affected people, as defined in the operational policy (OP) 9.00. In addition, it does not include any contract for works, goods, non-consulting or consulting services above the Operations Procurement Review Committee (OPRC) thresholds[20]. Maximum contract amounts are anticipated to be around USD 20 million for civil works, USD 10 million for goods, USD 5 million for non-consulting services, and 10 million for consulting services, according to the procurement profile of the Program's expenditures. As part of the implementation support, the Bank will ensure that no high-risk activity is engaged under the Program.

Citizen engagement.

In recent years, the cities carried out several public consultations at the local level to prepare the Government's Program, notably during the preparation of urban mobility master plans. For the appraisal of the proposed Program, cities and wilayas will jointly conduct specific public consultations. During these consultations, the Program's design will be presented to the stakeholders from local communities, the private sector, and the civil society (including gender advocacy groups). Stakeholders' views on the activities directly relevant to them will be gathered and reflected in the design. In addition, beneficiaries will be able to give their feedback during implementation. In particular, public and private stakeholders will be able to submit complaints and get information about the Program's activities via Grievance Redress Mechanisms (GRM).

Gender-oriented benefits.

The Program's infrastructure and systems will incorporate typical safety, security, and universal access features, such as: improved lighting in transfer stations, road safety grids for bus lanes, CCTV for surveillance in transfer stations and ATC systems, and ramps for people with limited mobility in transfer stations. During pre-appraisal, the Bank supported consultations to better understand women's public urban transport needs and confirmed that the activities of the infrastructure subprogram are properly designed to address their needs.

Furthermore, the Bank is carrying a study financed by UFGE[21] to better understand the challenges faced by men and women in urban transport in Greater Rabat, Tangier and Kénitra. The study will recommend a wide range of potential measures to improve urban transport, with a focus on gender issues. The recommendations of the study will be used to ensure adequate implementation of the proposed Program and to design future transport operations.

Road safety initiatives

Aside from supporting expenditures in the Program with road safety features such as safety grids for bus lanes, the Bank is providing on-going strategic, institutional, and technical support to the relevant line ministry[22] to improve road safety in Morocco with the assistance of the Global Road Safety Facility (GRSF). Specifically, the Bank will support the (i) establishment of the National Road Safety Agency which would be a lead agency accountable for road safety results, (ii) preparation of a new National Road

[20] US$50 million for works, US$30 million for goods, US$20 million for non-consulting services, and US$15 million for consulting services.
[21] Umbrella Facility for Gender Equality (UFGE).
[22] Ministry of Equipment, Transport and Logistics (*Ministère de l'Équipement, du Transport et de la Logistique*)

Safety Strategy covering the next decade based on an evaluation of the achievements of the current strategy, and (iii) preparation of an amendment to the current traffic law (No. 52-05) with strengthened road safety measures such as a national child restraint mandate. During implementation, the Bank will ensure coordination of these activities with the Program.

***Role of development partners*.**

The proposed PforR operation is prepared in consultation with donors and IFIs active in the country's Urban Transport sector. There is a wide consensus among donors and development partners on the importance to provide strong support to the country's urban transport sector. Discussions were held with representatives of the French Development Agency (*Agence Française de Développement* - AFD), the African Development Bank (AfDB) and GIZ to ensure coordination with donor-supported ongoing initiatives. AFD has been particularly active in the sector in recent years. The French development agency provided financing to the light rail systems of Greater Rabat (USD 62 million) and Casablanca (USD 32 million) in coordination with the European Investment Bank (EIB). AFD also organized the well-received National Days of Urban Transport (*Journées Nationales du Transport Urbain* - JNTU) in 2013. GIZ has similarly supported cities on issues pertaining to the urban transport sector through capacity building and networking activities structured around the CoMun Urban Cooperation Program which comprises 11 mid-sized and large Moroccan cities in its urban transport community of practice. Most donors consulted intend to remain strongly active in the sector. For instance, AFD is currently considering financing the Agadir subproject and the light rail systems extensions in Casablanca and Rabat (potentially jointly with EIB). During implementation, the Bank will continue reaching out to donors and development partners for close coordination and potential collaboration.

IV. Program Development Objective(s)

The Program Development Objective (PDO) is to strengthen the capacity of urban transport institutions to plan, implement and monitor infrastructure and services, and to reduce bus journey time on targeted corridors in select cities[23].

V. Environmental and Social Effects

An Environmental and Social System Assessment (ESSA) of the Program has been conducted by the Bank in close collaboration with counterparts to identify potential environmental and social impacts to be supported under the proposed PforR. The ESSA assessed, against the requirements of OP/BP 9.0, the national and municipal systems with respect to institutional capacity and performance, policy and regulatory bases, consultation mechanisms and GRM to manage and mitigate the impacts. The portfolio of projects to be undertaken was also analyzed to identify typical environmental and social effects. The ESSA was based on a review of the legal, regulatory and institutional framework related to environmental and social matters, broad consultation of the Program stakeholders, and information collected during on-site visits. The assessment also drew on experience from implementation of safeguard instruments during similar previous Bank projects in Morocco.

The Program's supported activities are expected to have an overall positive effect and its adverse environmental and social impacts are anticipated to be low to moderate. Any land requirements (temporary or permanent) as part of the infrastructure component of the Program will likely be met through lands that are under the ownership of the state. Based on the type, scope and scale of works under this Program, adverse effects are expected to be typical construction impacts that are site-specific and generally limited to the construction phase such as noise, dust, vibration, fumes from asphalting and transportation of materials, disruption to traffic and access to roadside activities, etc. Given the scope of

[23] Greater Rabat, Casablanca, Tangier, Marrakesh, and Agadir.

activities, it is highly unlikely that resettlement would occur, although small-scale land acquisition may be required for the construction of infrastructure works, for example in widening roads in the existing rights-of-way. While no large-scale or high-risk projects are expected, the Program will exclude all activities that are judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people. Excluded financing would include investments in new or major expansion of large-scale or investment activities that are Category A activities[24].

The ESSA found that in general, the Moroccan system for environmental management systems is relatively comprehensive and is in many ways consistent with the core principles of OP 9.00. Morocco's legal framework is conducive to both environmental protection and natural resources conservation. It includes guidelines for the development of environmental management tools to address environmental aspects connected to development activities and investments. The key weakness in the implementation of the Program's Environmental Management Systems (EMS) stems from stakeholders' capacity, mainly at the local level. Weaknesses have been identified in collection, analysis and interpretation of environmental data recorded in the screening forms, identification of environmental impacts, and monitoring of mitigation measures and environmental management plans. Capacity building initiatives to strengthen the capacity of the stakeholders, especially at the local level, have been included in the Program. The establishment of a focal point for environmental issues in participating cities will also contribute to improving the Environment and Social Management Systems (ESMS).

The ESSA assessed Morocco's social management system for consistency with the core principles of OP/BP 9.00 and found few gaps with Program requirements. Morocco has a strong legal framework regulating procedures for land acquisition and expropriation. Expropriation generally meets the basic requirements of transparency, equity and accountability. Morocco's system similarly contains provisions for compensation of people with formal titles affected by resettlement. Livelihood restoration and extension of assistance to informal users as part of the resettlement efforts are areas identified for greater attention and strengthening. While it is anticipated that the Program's infrastructure subprojects will use land from State and municipal public domain, in the unlikely event where land acquisition and/or resettlement should occur, participating cities will need to ensure that people affected are timely and properly compensated and assisted in the restoration of their livelihoods. This is particularly the case for non-authorized commercial occupants of public lands and rights-of-way. The process to follow to avoid, if possible, and manage, should they occur, any adverse social impacts, in particular impacts related to potential land acquisition, will be detailed in the Technical Manual. The development of such a manual and its implementation are part of the ESSA action plan (respectively, point 1.1 and 2.1 of the ESSA). Strong and timely public consultations and attention to grievance redress mechanisms that are easily accessible to communities are some additional areas of improvement.

The Program offers an opportunity to strengthen country's overall environmental and social management system of urban transport. Measures (detailed in Annex 6) to strengthen its performance are included in the Program relating to the (i) environmental and social management system, (ii) system implementation and monitoring, and (iii) environmental and social management capacities. Specifically, the Program will adopt a Technical Guide (TG) to establish clear procedures to guide participating cities in assessing, managing, and monitoring environmental and social impacts of urban transport-related projects. As part of the assessment, participating cities will apply a screening mechanism to exclude road sections or interventions that could lead to social or environmental risks not eligible under the PforR. Institutional strengthening measures will include the (i) designation within participating cities of focal

[24] Examples of Category A projects include: power plants; transport infrastructure such as highways, expressways, urban metro-systems railways, and ports; investment in extractive industries; commercial logging; water (surface and groundwater) resource infrastructure, including dams, or projects involving allocation or conveyance of water, including inter-basin water transfers or activities resulting in significant changes to water quality or availability; and construction of manufacturing or industrial processing facilities.

points for environmental and social management, (ii) establishment (or formalization) of grievance redress mechanisms (GRMs) by participating cities, (iii) setup of specific tools for disclosure, reporting and monitoring of participating cities' activities, and (iv) revision of the decree on environmental impact evaluation to include public consultations and public disclosure of documentation. The Program will also include activities to strengthen capacity and awareness of participating cities' technical personnel and representatives dealing with environmental and social management. Implementation of these measures will be ensured by their inclusion in the overall PAP Actions.

VI. Financing

Estimated cost of activities supported by the Program		
Results Areas	***Activities***	***Amount (US$ Million)***
Results Area 1: Strengthened central capacity to plan and monitor urban transport	Strengthening of M&E system	*10*
	Operationalization of the Urban Transport Fund	10
Results Area 2: Strengthened local capacity to plan, implement and monitor urban transport	Establishment and strengthening of GAs	10
	Preparation of PDUs	20
	Establishment and strengthening of SPs	20
	Capacity building activities	20
Results Area 3: Reduced bus journey time in targeted corridors in select cities	Infrastructure and systems (including ATC systems, ISC systems, ITS, integrated fare collection systems, transfer stations, and bus lanes)	140
Total estimated cost of Program activities		***230***
Program funding sources		
Bank loan		200
Contributions from cities, and other donors and development partners		30
Total estimated sources of funding of Program activities		***230***

VII. Program Institutional and Implementation Arrangements

The Division of Urban Mobility and Transport (Division des Déplacements Urbains et des Transports - DDUT) of the MoI will play the role of the Program Management Unit (PMU). The DDUT will be responsible for coordination, facilitation, and monitoring of day-to-day implementation of the Program[25]. The DDUT will also prepare the Program's midyear reports, progress reports, and financial statements.

[25] In coordination with other entities such as the Ministry of Environment (ME) for specific issues.

Detailed reporting guidelines will be included in the program operations manual (POM) to be prepared and adopted by the MoI with the Bank's guidance.

The Technical Committee of the Urban Transport Fund will play the role of the Program's technical committee. This committee will coordinate stakeholders during design and implementation of the Program. It will convene when necessary (normally at least once a month) to discuss pending technical issues, validate the overall planning, and agree on specific activities. It will coordinate with other entities such as wilayas and participating cities. It will consult other stakeholders (including from the private sector and civil society organizations) as appropriate.

The Steering Committee of the Urban Transport Fund will play the role of the Program's steering committee. This committee will convene at least twice a year to provide strategic leadership for the overall implementation of the Program, to allocate resources, and to take other high level decisions. It may occasionally consult other stakeholders, such as representatives of civil society organizations, regional and local governments, and other ministries such as the METL.

Participating municipalities will be in charge of planning, budgeting, and implementing Program's infrastructure activities, either directly, via an association of agglomerations or via designated implementing agencies such as municipality-owned enterprises such as an SP or an SDL. Participating cities will therefore be directly or indirectly responsible for procurement, contract administration and management, technical supervision, monitoring and reporting of subprojects' progress to the central government. To successfully fulfill their mandates, municipalities require adequate technical and managerial expertise. Most municipalities have relatively limited capacity for complex urban transport implementation, as confirmed during preparation. However, the Program will only include moderately complex investments. In addition, Program-specific capacity strengthening activities have been incorporated in the Program's design to mitigate this issue.

The Program will be supported on fiduciary and governance issues by several national entities. These entities includes (i) the Court of Accounts (*Cour des Comptes* - CDC), especially for the annual Program audits and the annual external audit of municipalities, (ii) the National Commission of Public Procurement (*Commission Nationale de la Commande Publique* - CNCP) in charge of handling the Program's public procurement complaints, if any, (iii) the soon-to-be-created National Authority for Integrity, Prevention and Fight against Corruption (*Instance Nationale de la Probité, de la Prévention et de la Lutte contre la Corruption* - INPPLC) which will be responsible for the investigation of complaints, if any, on fraud and corruption relating to the Program, (iv) the MoI's General Inspectorate of Territorial Administration (*Inspection Générale de l'Administration Territoriale* - IGAT) for external auditing of municipalities, (v) the MEF's General Inspectorate of Finance (*Inspection Générale des Finances* - IGF) for internal auditing of the Program.

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