1. Name of the Project

Country: Kingdom of Morocco
Project: Mediterranean Road Construction Project (II)
Loan Agreement: March 19, 2010
Loan Amount: 8,455 million yen
Borrower: Government of the Kingdom of Morocco

2. Background and Necessity of the Project

(1) Current State and Issues of the Road Sector in Morocco

There are a total of 57,622km public roads in Morocco, consist of highways (1%), national roads (20%), regional roads (17%), and provincial roads (62%) managed by Ministry of Equipment and Transport, Road Department (DR). While the paved road rate of national and regional roads are above 80%, that of provincial roads is still at 46%, and the access rate to roads of residents in rural areas are only 54% (as of 2005). As shown in the figure, the road development of rural areas is relatively behind.

(2) Development Policies for the Road Sector in Morocco and the Priority of the Project

In the “Economic and Social Development Plan (2000-2004)”, the Government of Morocco positions the alleviation of disparities between the urban and rural areas, economic development of the rural areas through road development, and ensuring the transportation access, as the priority issues. In 2005, King Mohammed VI announced the National Initiative for Human Development (INDH), including the alleviation of disparities between regions which is positioned as the nation’s priority policy.

Under the policy of the above, the Tanger-Saidia Mediterranean Road Construction Project which started in 1999 aims to improve the transportation capacity of Route 16, in order to alleviate the economic and social disparity in the north area where infrastructure development is left behind due being isolated by the mountainous area. Furthermore, regarding the road development of other rural areas, The First National Program of Rural Roads (PNRR-I) was established in 1995, and 10,062km of rural road construction was implemented in the 10 years until 2005. Additionally, in The Second National Program of Rural Roads (PNRR-II), 15,500km of rural roads are planned to be developed, aiming to develop 15,500km of rural roads by 2012, and increase the access rate of local rural residents to 80%.

(3) Japan and JICA’s Policy and Operations in the Road Sector

Out of the policies of Japan and the priority area of the JICA assistance, this project applies to the “strengthening of economic competitiveness and sustainable economic growth”, and “assistance for rural development area for the alleviation of disparities between urban and regional areas and poverty reduction”. Regarding the ODA Loan, the “Rural Road Improvement Project” of 2007 was approved (part of the Second National Program of Rural Roads). As for the grant aid and technical cooperation, assistance to the road sector is continuously implemented, such as the Institut de Formation aux Engins et à l'Entretien
(1991), which is the training facility for engineers serving for the maintenance and management of the road.

(4) Other Donor's Activity
EU, Government of Italy, and Abu Dhabi Investment authority assist the adjacent areas. Furthermore, for the Second National Program of Rural Roads, the World Bank, African Development Bank, etc, implement the assistance.
(5) Necessity of the Project
This project shall be implemented as an additional loan for the Mediterranean Road Construction Project whose Loan Agreement was concluded in September 2001. As described in above (2), the project plays an important role in the policies of the government for the road sector development and alleviation of the regional disparities, and, since this project corresponds to the assistance policy of JICA and Japan, the necessity of the yen loan is at high.

3. Project Description

(1) Project Objectives
The objective of this project is to develop new road and widening/strengthening of the road of a 120-km stretch between Tetouan and El Jabha within the Tanger-Saidia Mediterranean Road Construction Project, in order to improve the accessibility to the economic/social infrastructure of the local residents, and to contribute to the alleviation of regional disparities.

(2) Project Site/Target Area
Tetouan and Chefchaouen provinces

(3) Project Components
1) Civil engineering work: construction of new road and widening/strengthening of the road, bridge construction, slope protection, etc. (General Untied)
2) Consulting service: Review of detailed design, procurement support, construction management, support for environmental and social consideration, etc. (General Untied)

(4) Estimated Project Cost (Loan Amount)
36,555 million yen (Loan amount at Phase I: 12,764 million yen, Loan amount at this phase: 8,455 million yen)

(5) Schedule
The planned implementation schedule of the project is from May 2001 to November 2012 (139 months in total). The use of the facilities will start in June 2011, which is regarded as the completion date of the project.

(6) Project Implementation Structure
1) Borrower: Government of the Kingdom of Morocco
2) Executing Agency: Ministry of Equipment and Transport, Road Department
3) Operation and Maintenance System: Provincial Department of Equipment and Transport

(7) Environmental and Social Consideration/Poverty Reduction/Social Development
1) Environmental and Social Consideration
   a) Category: A
   b) Reason for Categorization: The work of this project is to develop a new major road, which corresponds to Classification Category A of the “Japan Bank for International Cooperation Environmental Guidelines for ODA Loans” (established October 1999). (Furthermore, it also corresponds to Classification Category A of “Japan Bank for...
International Cooperation Guidelines for Confirmation of Environmental and Social Considerations” (established April 2002)).

c Environmental Permit: An Environmental Impact Assessment (EIA) report as related to this project has already prepared by the implementing agency on April, 2000

d Anti-Pollution Measures: To be implemented by the construction company based on the measures of the environment control plan.

e Natural Environment: The project site is not located in and around any sensitive areas such as national parks, and it is likely to have a minimal adverse impact on the natural environment.

f Social environment: The project requires land acquisition of 1,916,025 m², and relocation of 305 households. For points to remember, continuous monitoring is required for the changes and compensation procedure, etc., since increase is observed from the initial evaluation stage.

g Other/Monitoring: Provincial Department of Equipment and Transport shall implement the monitoring based on the environment management plan.

2) Promotion of Poverty Reduction: None.

3) Promotion of Social Development (e.g. Gender Perspective, Measure for Infectious Diseases including HIV/AIDS, Participatory Development, Considerations for Persons with Disabilities, etc.): None.

(8) Collaboration with Other Donors: EU, the Government of Italy, and the Abu Dhabi Investment authority assist the other areas of the Tanger-Saidia Mediterranean Road Construction Project.

(9) Other Important Issues: None.

4. Targeted Outcomes

(1) Performance Indicators (Operation and Effect Indicator)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline at Appraisal of Phase I (1998)</th>
<th>Target (2015)【Expected value 4 years after project completion】</th>
</tr>
</thead>
<tbody>
<tr>
<td>annual Average Daily Traffic (automobiles/day)</td>
<td>2,000</td>
<td>7,800</td>
</tr>
<tr>
<td>Reduction of driving cost (1,000 Mdh/year) (Note 2)</td>
<td>—</td>
<td>117,297</td>
</tr>
<tr>
<td>Reduction of traveling time (1,000 Mdh/year) (Note 2)</td>
<td>—</td>
<td>102,260</td>
</tr>
</tbody>
</table>

(Note 1): Since the nearest future prediction from the completion of the project provided by the Government of Morocco was for 2015 in this project, the value of 4 years after the completion of the project is set as the target value.

(Note 2): Mdh stands for Moroccan Dirham
(2) Internal Rate of Return
Based on the conditions indicated below, the Economic Internal Rate of Return (EIRR) of this project is 4.98%.

【EIRR】
Cost: Construction cost, operation and maintenance cost (excluding tax)
Benefit: Reduction of driving cost, reduction of traveling time
Project Life: 20 years

5. External Factors and Risk Control
No particular factors of risks.

6. Lessons Learned from Past Projects
In the past similar projects of Morocco, it was pointed out that due to the change of the project scope, problems such as relocation of residents may occur. With this in mind, it shall be followed up in the progress reports, etc, whether appropriate procedures or compensation is carried out for each land acquisition and resident relocation.

7. Plan for Future Evaluation
(1) Indicators to be Used
1) Annual Average Daily Traffic (automobiles/day)
2) Reduction of driving cost (1,000 Mdh/year)
3) Reduction of traveling time (1,000 Mdh/year)

(2) Timing
Two years after project completion