

Document of  
The World Bank

**FILE COPY**

**FOR OFFICIAL USE ONLY**

**Report No. P-2519-MOR**

REPORT AND RECOMMENDATION  
OF THE  
PRESIDENT OF THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
TO THE  
EXECUTIVE DIRECTORS  
ON A  
PROPOSED LOAN  
TO THE  
KINGDOM OF MOROCCO  
FOR A  
VILLAGE ELECTRIFICATION  
PROJECT

April 26, 1979

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

## Currency Equivalents

---

US\$1.00 = DH 4.00 (Average 1978)

DH 1.00 - .25 US\$

Fiscal Year : January 1 - December 31

### GLOSSARY OF ABBREVIATIONS

BNOE	Banque Nationale pour le Développement Economique
CIH	Crédit Immobilier et Hôtelier
kV	Kilovolt
Kgce	Kilogram coal equivalent
Mtce	Million tons coal equivalent
MW	Megawatts
ONE	Office National de l'Electricité
V	volt

## KINGDOM OF MOROCCO

## VILLAGE ELECTRIFICATION PROJECT

## LOAN AND PROJECT SUMMARY

Borrower: Kingdom of Morocco.

Beneficiaries: 220 villages and Office National de l'Electricite (ONE).

Amount: US\$42 million.

Terms: Amortization 26 years, including a 6-year grace period at the standard Bank interest rate.

Project  
Description:

The Project, which is the first stage of a 15-year village electrification program aimed at providing electricity service from the national grid to 1,800 villages, would provide electricity to about 60,000 dwellings in 220 villages located in 17 out of 34 provinces. The Project would include: (i) construction of about 1,250 km of 22-kV and 995 km of 380/220-volt distribution lines and installation of related equipment; (ii) provision of about 45 MVA of 22/0.4-kV distribution transformer capacity and street lighting equipment; and (iii) provision of consultant services to assist in detailed engineering and project management. The project would be implemented by the Office National de l'Electricite (ONE). The project would be an essential part of the Government's newly emphasized policy aimed at slowing down rural outmigration by concentrating activities and amenities in well selected rural centers. The project would contribute to increasing productivity in the agriculture sector, creating employment and improving living conditions in rural areas. No special risks are foreseen in the implementation of the project.

Project Cost  
Estimates:

	US\$ Million		
	Local	Foreign	Total
(i) Overhead 22-kV distribution lines	5.1	9.0	14.1
(ii) Distribution transformers	0.2	1.0	1.2
(iii) 380/220-V Distribution systems and related equipment	8.1	15.7	23.8
(iv) Public lighting	0.6	2.3	2.9
(v) Engineering and administration	2.7	1.5	4.2
(vi) Import duties and taxes	11.6		11.6
(vii) Price and physical contingencies	14.7	12.5	27.2
Total Project Cost	43.0	42.0	85.0

Financing Plan:

	US\$ Million		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
IBRD Loan	-	42.0	42.0
Government	40.8	-	40.8
Customers	<u>2.2</u>	<u>-</u>	<u>2.2</u>
<b>Total</b>	<b><u>43.0</u></b>	<b><u>42.0</u></b>	<b><u>85.0</u></b>

Estimated Disbursements:

	<u>FY</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>
Annual	3.5	9.5	11.0	12.0	6.0	
Cumulative	3.5	13.0	24.0	36.0	42.0	

Procurement Arrangements:

Contracts for goods and works to be financed from the proposed Bank loan would be awarded under international competitive bidding in accordance with the Bank's guidelines for procurement; in the evaluation of bids for these contracts, Moroccan equipment suppliers would be given a preference margin of 15 percent, or the prevailing customs duty, whichever is lower. Retroactive financing up to \$250,000 for expenditures incurred prior to loan signature but after January 1, 1979, for preparation of detailed engineering and bidding documents, is proposed. This is in addition to the \$90,000 advance granted under the Project Preparation Facility.

Rate of Return: 6 percent.

Staff Appraisal Report:

No.2385a-MOR of April 20, 1979  
Regional Projects Department EMENA

REPORT AND RECOMMENDATION OF THE PRESIDENT OF THE IBRD  
TO THE EXECUTIVE DIRECTORS ON A PROPOSED LOAN  
TO THE KINGDOM OF MOROCCO  
FOR A VILLAGE ELECTRIFICATION PROJECT

---

1. I submit the following report and recommendation on a proposed loan to the Kingdom of Morocco for the equivalent of US\$42 million, to finance a proposed Village Electrification project. The loan would have a term of 26 years including 6 years of grace with interest at 7.9 percent per annum.

PART I - THE ECONOMY 1/

2. A report entitled "Country Economic Memorandum on Morocco" (1473-MOR) was distributed to the Executive Directors in June 1977. An economic mission which visited Morocco in February/March 1978 was followed by a basic economic mission in November 1978. A basic economic report is under preparation; preliminary findings and conclusions of these missions are reflected in the following paragraphs. Country Data Sheets are attached as Annex I.

Recent Developments

3. In 1977, Morocco completed the return towards a constitutional monarchy. Having marshalled a strong national consensus over the Western Sahara issue, King Hassan II called municipal, provincial and national elections between November 1976 and April 1977. Opposition parties with platforms stressing social reform scored strongly in municipal elections in the larger cities, while at the provincial level, rural constituents supported Government candidates, who eventually obtained a majority of 141 seats out of 264 in the National Assembly. With the new Government formed in October 1977, both the Istiqlal party which had been in the opposition since 1963, and the Mouvement Populaire whose main support is in the Berber population returned to political responsibility. The new Cabinet was appointed with the mandate to prepare and implement economic austerity measures, the first of which were introduced in the 1978 Budget Law, and to pursue the social development objectives set out in the 1973-77 Development Plan.

4. Morocco's economic and financial situation became increasingly unbalanced towards the end of the 1973-77 Plan. Rapid growth of investments and imports, carried over from 1974-75 when phosphate export revenues reached an all-time high, did not slow down despite some Government restrictions, while the world demand for Morocco's main exports, especially phosphate, recovered only moderately. At the same time, efforts to increase budgetary savings were insufficient to meet the continued increase in investment and military expenditures. As a result, in 1977 Morocco faced again a large

---

1/ This part is identical to paragraphs 2 to 16 of the President's Report No. P-2499-MOR dated March 28, 1979 on a Loan for an Integrated Project for Small Scale Industry Development.

resource gap (21 percent of GDP) and overall budget deficit (19 percent of GDP). To cover these, it sharply increased external borrowing to \$1.9 billion (commitments), from \$909 million in 1976 and \$780 million in 1975; most were from commercial sources. Despite these borrowings, the country's net foreign assets stayed at a low level (1.2 months of 1977 imports by year's end). On the domestic side, external borrowings fueled monetary expansion which remained rapid in 1977; consumer prices rose 12.5 percent over 1976 compared to about 8 percent in the previous two years.

5. By and large, the new Government has succeeded in regaining control over the excessive increases in investment and external borrowing experienced towards the end of the 1973-77 Plan. Investment has since been reduced by an estimated 25 percent in real terms, and so has external borrowing which at \$1.3 billion of new commitments was, however, still large and mostly on commercial terms. The Government has achieved these improvements through budgetary austerity, including severe cuts in public investment, restraint in current spending and some tax increases; it applied selective import restrictions and controls on private credit preserving as much as possible the growth momentum of private sector output and exports. A good agricultural crop in 1978 helped sustain growth, despite a sharp decline in construction activity largely resulting from cuts in public investment plans; overall, GDP grew by an estimated 4 percent in real terms in 1978.

6. The Government will have to pursue austerity policies for a while, considering the continued excessive resource gaps and low exports and savings which cannot be increased quickly for reasons largely beyond the Government's control. Instead of the 1978-82 Plan, the Government has introduced a three-year interim plan (1978-80) which was approved by Parliament in December 1978, together with the 1979 Budget Law. Its main objectives are to further reduce the budget and current balance of payments deficits, and to concentrate available resources (after meeting defense requirements) on productive projects and the neediest population groups. Implementation of major public projects not meeting these criteria has been postponed, while the measures designed to preserve growth in the private sector have been strengthened. Recently, the Government agreed with the IMF on a short-term financial rehabilitation program for 1979. This program calls for continued limitation of budgetary expenditures, domestic credit expansion and new external borrowing, while maintaining selective import restrictions and credit controls favoring productive private activities. It is aimed at reducing the overall budget deficit by 15 percent, and narrowing the current balance of payments deficit by more than 30 percent. Assuming harvests are equal to those of 1978 and phosphate exports increase by 6 percent in quantity and 7 percent in value, real GDP growth in 1979 again may still not exceed 4 percent. Gross official reserves would stay around 1.5 months of imports.

7. While the interim measures may be effective in re-balancing the economy, because of the short-term constraints on exports and savings, they might cause a rise in social pressures. The Government is therefore anxious to resume the more dynamic social policy stance which characterized Moroccan development during the 1973-77 Plan. Preparation of the 1981-85 Plan has begun and attention is being given to long-term reforms which are needed if an early resumption of more rapid economic and social progress is to be achieved.

### Economic Development Issues and Prospects

8. Bank projections summarized in Annex I reflect the Government's keen concern to avoid a liquidity crisis in the next two to three years. They assume sharp policy adjustments to keep the economy on a financially viable growth path over the long run, but also reflect the desire to maintain adequate GDP and employment growth during the interim period, and to achieve further progress towards the country's social objectives. The projections show that investment and GDP growth will have to be curtailed for the next two to three years, given the constraints on savings and exports. In this period, Morocco will need substantial capital transfers from abroad on terms as favorable as possible to sustain the project investment and GDP growth. Beyond 1982, export prospects should enable Morocco to resume more rapid growth of investments, output and employment while progressively reducing the relative burden of debt and debt service.

9. Following the large windfalls in foreign exchange and domestic savings caused by high phosphate prices in 1974-75, the investment target was raised to meet cost increases, permit some real expansion of original investment programs, and undertake large capital-intensive projects geared to import substitution (in particular sugar, chemicals, shipping and steel). Thus the GDP growth target for 1973-77 was nearly met, and investment rose to nearly 32 percent of GDP in 1977 from less than 14 percent in 1972. In the process, Morocco built up its capacity to prepare and implement projects not only in traditional sectors such as irrigation, import-substitution industries and physical infrastructure, but also in new and more difficult sectors such as rainfed and small-scale agriculture, export industries, and socially-oriented programs. There is little doubt that Morocco can achieve the investment levels assumed in the Bank projections, the main constraints being domestic savings and foreign exchange availability.

10. Domestic savings have been falling in relation to GDP after the brief increase during the phosphate windfall years, mainly due to low public savings of only 4.7 percent of GDP in 1977. Successful efforts to raise public revenues to 28 percent of GDP in 1977 were offset by increases in current spending, partly for education and health, but particularly for price subsidies and military expenses. Tax reform measures (which are being prepared with IMF assistance) and unpopular price policy decisions, such as reduction of subsidies to urban consumers, farmers and industrial investors, will be required to increase public savings. Interest rate adjustments to reflect changes in the rate of domestic price inflation would also be called for.

11. During the 1973-77 Plan period, exports rose by less than 2 percent p.a. in real terms (the Plan target was 10 percent). This lackluster performance was largely due to weak external demand for Morocco's main export products since 1974, especially phosphate, other minerals and agricultural products. Moreover, with some exceptions, such as textiles, export production and marketing efforts were not sufficient, and new markets were not aggressively sought; Morocco continued to depend on demand from the EEC, especially France. Yet, it has considerable export potential if only products

and markets were diversified. Export programs are now under preparation particularly for phosphate and its derivatives, fresh and processed food-stuffs, and tourism. With regard to phosphate, for example, Morocco and the USSR signed agreements in March 1978 under which Morocco will export phosphate rock and phosphoric acid for the next 30 years for possibly up to 10 million tons per year by 1985-86; in return, the USSR will lend Morocco up to \$2 billion on favorable terms to develop its phosphate export capacity and will export various commodities and goods to Morocco, including crude oil. These agreements substantially improve Morocco's long-term prospects for phosphate exports.

12. While the emphasis on completion of high-return projects will have to continue, Morocco should shift away from highly capital-intensive, import substitution investments, as well as from some ambitious programs for physical infrastructure. This would call for improvements in policy planning and investment programming. Consultants are currently completing a major study on industrial investment strategy, which should facilitate better investment selection. A changed investment pattern should reduce the external resource gap, and also contribute to higher growth and employment at lower investment and import costs than in recent years.

#### Social Development Strategy

13. Comparatively slow economic growth and employment creation up to the early 1970's were accompanied by widening income disparities and a decline in real consumption for the weaker sections of Morocco's population. As a major objective, the 1973-77 Plan set out to reverse these trends. The Government's strategy since 1973 has emphasized: (i) acceleration of employment creation; (ii) measures aimed at reducing income disparities; and (iii) specific investment programs to benefit the least favored population groups.

14. Progress has been made towards these objectives, as witnessed by the increased expenditures for social sectors (from DH 1.3 billion in 1972 to DH 3.7 billion in 1977). However, the institutions created to meet social sector objectives are in many cases still fragile. Understaffing, weak policy analysis and inadequate program formulation are common. As a result, public programs to improve productivity, collective amenities and social services are reaching relatively small proportions of the population, especially in rural areas. In addition, during the period of financial stringency ahead, Morocco will not be able to sustain the current level of expenditures in socially-oriented sectors, and cuts have been made as part of the measures to re-balance the economy.

15. With the population growth rate now at about 3 percent, pressure to provide adequate social services will rise. Despite short-term financial constraints, efforts will be needed to limit such growth. Consequently, strengthening health and family planning services is now an integral part of the Government's social objectives.



### External Debt and Debt Service

16. Morocco sharply increased external borrowings after 1973 (para. 4). Nearly all of the increase came from Arab and commercial sources. With a hardening of terms on new commitments, average maturity dropped from 19 to 10 years and average interest rose from 5 to 7.5 percent between 1974 and 1977. Morocco also drew on the IMF automatic credit facilities in early 1976, and obtained about \$70 million in IMF compensatory financing in August 1978. From the low levels in 1974-75, Morocco's external debt has risen rapidly to an estimated \$4.0 billion (disbursed only) at the end of 1978, and in that year debt service amounted to \$481 million (18 percent of exports and workers' remittances). As a result of recent and projected borrowings, debt and debt service may be expected to increase further, and debt service may exceed 25 percent of exports and workers' remittances by 1980-82, and decline progressively thereafter. The country's net foreign assets would remain at a relatively low level. Because of the expected upswing in debt service, external debt management has become more restrictive and selective since 1978. If debt service is to stay manageable, Morocco will have to continue this policy over the next few years. Additional commercial borrowing should be limited, and efforts should be increased to seek loans on softer terms. Yet, external borrowing needs would be sizeable. Beyond 1980-82, however, the situation should progressively improve with the Government firmly controlling domestic demand and with good long-term prospects for exports and, in particular, with assured sales of phosphate rock and derivatives. Morocco should therefore be considered creditworthy for further Bank lending.

### PART II - BANK GROUP OPERATIONS IN MOROCCO

17. Bank and IDA lending to Morocco has supported 40 projects, financing a total net of cancellations of \$1,106.9 million <sup>1/</sup>, of which \$886 million has been lent since the beginning of FY73. IDA credits, totalling \$50 million, have been made available for five projects. A Third Window loan for \$25 million for the third education project was approved in March 1976. IFC investments have amounted to \$12.6 million (\$10.5 million after cancellations, terminations, repayments and sales). Annex II contains a summary statement of Bank loans, IDA credits and IFC investments as of March 31, 1979, and notes on the execution of ongoing IBRD/IDA projects. In some cases, delays in project implementation have been caused by management or procurement difficulties, and in 1974 cost overruns increased due to the upsurge in investment activity in Morocco and the acceleration of inflation. Overall performance in project execution, however, has considerably improved in recent years. Total disbursements as of December 31, 1978, amounted to 72 percent of original appraisal forecasts and to 75 percent of revised forecasts.

---

<sup>1/</sup> Including two loans approved in April 1979, the first of \$113 million for the Fourth Education Project and the second of \$25 million for an Integrated Project for Small Industry Development.

18. Past Bank Group lending has been concentrated in the agricultural and industrial sectors, which have accounted for 27 and 32 percent, respectively, of total net commitments; the balance is represented by utilities (14 percent), education (14 percent), tourism (7 percent), roads (4 percent), and urban development (2 percent). Apart from the transfer of resources to Morocco (Bank Group gross disbursements amounted to 5.5 percent of total fixed investment in 1970-74), the main objectives of lending were to foster and strengthen development institutions, provide technical assistance especially for project preparation, and increase productive capacity, in order to improve the balance of payments.

19. While these objectives remain, greater emphasis is being given to prepare projects that support the Government's policy of fostering social development and improving income distribution. An increasing share of Bank Group lending will be devoted to projects directly or indirectly developing the productive capacity of the lowest urban and rural income groups and meeting their basic needs, including, possibly, Bank participation in the Government's program for promoting integrated regional development, which is under discussion.

20. Past lending for agriculture has supported irrigation development, credit and, through a first operation in FY75, improvement in the productivity of rainfed farming. Continued selective lending for irrigation is envisaged but emphasis will be increasingly given to support small farmers and the development of rainfed areas. The Fez-Karia-Tissa Agriculture Project, approved in June 1978 was the second, after the Meknes Project (Credit 555-MOR) to directly address these objectives with the added advantage of being located in the favorable cereal producing zone. An integrated rural development project, including livestock/forestry development, is under preparation in a rainfed zone in northern Morocco, as are projects aimed at extending agricultural credit to farmers and at developing production, marketing and processing of vegetables on small holdings. A Government program for promoting integrated regional development is also under discussion.

21. Projects in industry and tourism have had as key objectives increased foreign exchange earnings or savings and the improvement of sectoral policies, which have taken on increased importance in view of the country's short-term resource constraints. The eighth loan to Banque Nationale pour le Developpement Economique (BNDE) which was approved in 1977, included a pilot small-scale industry component to promote labor intensive investments. The recently approved loan for small scale industry development follows up on this pilot effort. The loan to Maroc Phosphore made in 1978 will help increase Morocco's foreign exchange earnings. Continued lending for industry through the BNDE is contemplated as well as further lending to Credit Immobilier et Hotelier (CIH) for tourism development.

22. Previous lending for utilities has consisted of a loan for potable water supply, two loans for power and one engineering loan for the preparation of a sewerage project for Casablanca. A follow up project for water supply and distribution in urban centers, including distribution to low income urban consumers, is under preparation, as is a sewerage project in Agadir.

23. Education continues to need attention to ensure Morocco's manpower development. Two credits and a loan have been made to develop secondary education and teacher training, to improve technical and vocational training, and to expand facilities in rural areas. A loan for a fourth project entirely devoted to technical education has been recently approved.
24. The recently approved Rabat project was the first Bank-financed project in the urban sector. Follow up projects are under consideration to support the Government's program for slum upgrading and urban development through the provision of basic infrastructure, housing and social services and the creation of employment opportunities.
25. Loan commitments from multilateral and bilateral official sources to Morocco rose from \$221 million in 1975 to \$296 million in 1976 and dropped \$831 million in 1977 but dropped sharply to \$370 million in 1978. Major sources of aid were France, Saudi Arabia, the UAE, the U.S., Germany and the Bank Group. At the end of 1978, the Bank Group's share in Morocco's outstanding and disbursed external public debt was 11.2 percent. The share of the Bank Group in debt service was 24 percent in 1976 and declined to 18 percent in 1977, and 9.5 percent in 1978. By 1983 the Bank Group's shares in debt outstanding and in debt service are expected to be about 25 percent and 12 percent respectively.

### III - THE ENERGY SECTOR

26. Morocco's main indigenous energy resources are coal and hydropower. Known oil and gas deposits are nearly exhausted but exploration efforts have been intensified. Large deposits of bituminous schists exist but their development is not economically justified with present technologies. Uranium, directly mined or extracted from phosphoric acid, could become a source for power generation in the future.
27. Energy demand has grown at the average of 7 percent per year over the last decade; in 1976, total consumption reached 4.9 million tons coal equivalent (mtce) or 273 kgce per capita which is low compared to countries with similar per capita income. Morocco is highly dependent on imported oil, the share of which in total energy consumption rose from 64 percent in 1961 to 80 percent in 1977. That year, oil imports amounted to DH 1.7 billion, representing about 12 percent of total imports and 70 percent of phosphate exports, Morocco's main source of foreign exchange. Oil is mainly imported as crude, for refining in two refineries with a combined capacity of 3 million tons per year in 1977. This capacity is at present being increased. Morocco's energy demand is expected to grow at about 10 percent per year over the next decade, despite the present slow down in economic growth and conservation measures in energy use.
28. All energy prices are fixed by the Government. Except for petrol, the price of petroleum products remained unchanged from 1962 until the end of 1975. Through a compensation account, the Government has subsidized the prices of fuel oil, gas oil and kerosene, which are typically used for industrial and low income domestic purposes, and levied special taxes on petrol.

Until the end of 1973, the cost of subsidies was more than offset by revenue from the special taxes. The sharp increase in oil prices in 1973-74 resulted in large deficits for the compensation account in 1974 and 1975. At the end of 1975, prices of petroleum products were sharply increased and the deficit declined from \$115 million in 1975 to \$23 million in 1976. Further price increases, including the last one in January 1979, have resulted in the elimination of price subsidies for petroleum products.

29. During the Third Plan period (1973-77) investment in the sector amounted to DH 3.2 billion (more than three times the figure for the previous Five-Year Plan), of which 40 percent was spent for development of the power subsector and 36 percent for increasing petroleum refining and distribution capacity. The rest was spent for oil and gas exploration and for increasing domestic coal production from 550,000 tons in 1972 to 700,000 tons in 1977 with the intention to bring it to 1 million tons in 1981.

30. The Ministry of Energy and Mining is responsible for overall planning and policy making in the sector; it also supervises several public corporations in charge of oil and gas exploration, distribution of petroleum products, oil refining and coal mining. Office National de l'Electricite (ONE) is responsible for power generation and distribution.

#### The Electric Power Subsector

31. ONE generates about 91 percent of the electric power in the country, transmits it to the load centers and distributes about 40 percent of its production outside the large cities. Distribution of power in large urban areas is the responsibility of 13 Regies which are autonomous public enterprises under the supervision of the Ministry of the Interior. Captive plants, most of them linked to industrial enterprises, account for 8 percent of power generation and consumption. The remaining 1 percent is generated by small systems operated by local authorities in about 187 isolated localities.

32. Electricity demand has grown at about 9 percent per year over the past decade. By end 1978, total installed capacity in Morocco was 1,063 Megawatts (MW). The share of hydropower in total generation has steadily declined from 93 percent in 1963 to 37 percent in 1978, because of the rapid growth of irrigation which is given precedence over hydropower in water use. The transmission system operates at 225, 150 and 60-kV, and distribution at 22-kV.

33. Through a loan of \$25 million in FY74 (936-MOR), the Bank helped finance part of ONE's capital expenditure program for generation and transmission. The physical works were completed on schedule. Cost savings of \$4 million have been applied to the financing of feasibility and engineering studies for future hydroplant development; these studies are expected to be completed shortly. ONE's present generation program includes completion of two thermal plants and of the Sidi Cheho Al Massira dam which the Bank helped finance through a \$49 million loan in FY76 (1299-MOR). Works on this dam project are progressing satisfactorily and the 120 MW plant is expected to be commissioned in early 1980.

34. ONE has traditionally earned a low rate of return on assets and has financed about 20 percent of its capital expenditures through internal cash generation; the Government has provided about one third of financing while the balance has been financed by supplier's credits, local bond issues and foreign borrowings. Financing of future programs is expected to follow the same pattern. By contrast, the Regies have financed the largest part of their network expansion through connection charges prepaid by customers. This will prove more difficult for the future because large investments are required by the Regies to increase access to electricity of a fast growing urban population.

35. The division of responsibilities between the Ministries of Energy and Mining and of the Interior which supervise the power sub-sector does not facilitate planning for its development. The Bank had earlier suggested that a single authority be made responsible for regulating the sub-sector. This suggestion was not followed by the Government on the grounds that distribution of electricity should remain under the responsibility of local governments which are traditionally under the supervision of the Ministry of the Interior. Under Loan 1299-MOR, the Government agreed to submit to the Bank by end of July 1977 proposals for improving the power sector organization. The Government did not comply with this requirement, but established an ad hoc committee to develop proposals for reforming the power sector organization and drafting an electricity code. This committee's terms of reference included establishing an appropriate tariff structure and improving coordination between ONE and local authorities in carrying out their respective tasks both in urban and rural areas. The committee is expected to recommend to the Government by end of 1979, tariffs reflecting full cost of providing electricity to all customer classes and allowing ONE to finance at least 20 percent of its capital expenditure internally. To facilitate overall planning of the power sector, the committee is expected to issue guidelines making it for the first time an obligation for the Regies to prepare multi-annual development programs which would be part of the 1981-85 Development Plan.

36. The technical quality of ONE's planning is satisfactory. However, ONE's investment decisions have traditionally been based more on financial than on economic considerations. ONE's efforts at introducing least cost methodology for planning purposes have been recently frustrated by increased uncertainties in estimating costs and benefits for alternative power generation systems. As risks and potential cost of errors made in planning for the future become larger, it is important for ONE to master more complex techniques than it has so far applied. Technical assistance would be provided to ONE under the proposed loan for this purpose.

#### Rural Electrification

37. About 60 percent of Morocco's urban population, but only 6 percent of its rural population, have access to electricity. Rural electrification has progressed at a slow pace over the last two decades because of ONE's traditional reluctance to move into rural areas due to the lack of proper organization to prepare and finance programs and to the difficulty of providing electricity to a highly dispersed population living in 33,000 douars or

hamlets made up on average of 40 dwellings. Until recently, annual programs for rural electrification were prepared through a lengthy process involving several ministries concerned with rural development and represented in an interministerial commission. By the end of the 1973-77 Plan period, the Government decided to accelerate the pace of rural electrification as a means, among others, of reducing the rate of rural outmigration. As part of the preparation of the now abandoned 1978-82 National Development Plan (see para. 6 above), the Government had prepared a five year investment program for communal development. The rural electrification portion of this program had been prepared on the basis of requests from local authorities; villages had been selected according to their size and administrative status, rather than after analysis of economic returns of alternatives. For the preparation of the proposed project, the Government agreed to reformulate this program and to base it upon a least cost path for rural electrification over a longer period of time than the one initially considered. Extending the planning period was seen as a means to better analyze interactions of rural electrification with other long term objectives. In March 1978, the Government requested, and subsequently obtained a \$90,000 advance under the Project Preparation Facility to prepare a rural electrification project for Bank financing which would be the first tranche of a 15-year program.

#### PART IV - THE PROJECT

38. The Project was prepared by the Government with assistance of consultants financed under the Project Preparation Facility. The Project was appraised in September/October 1978. Negotiations took place in Washington from March 28 to 30, 1979. The Moroccan delegation was led by Mr. Belkoura of the Prime Minister's Office. A Staff Appraisal Report entitled "Morocco-Village Electrification Project" (No. 2385a-MOR dated April 20, 1979) is being circulated separately to the Executive Directors. The main features of the loan and project are listed in the Loan and Project Summary and in Annex III.

#### Project Objectives and Description

39. The Project is the first stage of a fifteen-year village electrification program aimed at providing electricity service from the national grid to 1,800 villages. By comparison, during the past fifteen years only 300 villages had been connected to the grid. The total population to be supplied by the end of the program in 1995 would amount to 2.5 million inhabitants or 17 percent of the rural population. This would imply an accelerated rate over the past, but would remain within the Government's physical and financial capabilities. The project, covering a four-year slice of the program, would provide electricity to a population of some 360,000 potential beneficiaries in 220 villages located in 17 out of 34 provinces. It would form an essential part of the Government's newly emphasized policy to spur economic activities and implement basic and social investments in rural areas. This policy should slow down rural out-migration and, by concentrating activities and amenities in rural centers, should result in a more integrated and economically viable pattern of settlements in rural Morocco than now. The Project would be a deliberate attempt to favor the development of some existing or potential centers which would become small towns. The Project would include: (i) construction of

about 1,250 km of 22-kV and 995 km of 380/220-volt distribution lines and installation of related equipment; (ii) provision of about 45 MVA of 22/0.4-kV distribution transformer capacity and street lighting equipment; and (iii) provision of consultant services to assist in detailed engineering and project management.

#### Project Costs and Financing Plan

40. The cost of the project including contingencies is estimated at \$85.0 million, of which \$42 million would be in foreign exchange. Total cost of engineering services and administration excluding contingencies but including the \$90,000 advance provided under the Project Preparation Facility is estimated at \$4.2 million of which \$1.5 million in foreign exchange. Physical contingencies (\$4.7 million) were assumed at 10 percent for both local and foreign components. Price contingencies (\$22.5 million) were estimated at 7.5 percent in 1979 and 7 percent thereafter for foreign exchange costs, in line with expected international price increases and at 10 percent for local costs, in line with recent civil work prices in Morocco.

41. The proposed Bank loan of \$42 million to the Government of Morocco, would finance the full foreign exchange cost of the Project. Project beneficiaries would contribute an estimated \$2.2 million through payment of connection fees. The Government would finance the remaining project cost out of budgetary allocations. Breaking with its present practice of allocating funds for rural electrification through the budgets of several ministries, the Government agreed to channel the project funds through the budgets of the Ministries of Energy and Mining and of the Interior (Section 3.01(b) draft Loan Agreement).

#### Project Execution

42. The Project would be implemented by ONE under conditions and according to procedures to be detailed in an agreement between the Government and ONE. The draft agreement was reviewed during loan negotiations; its signature would be a condition of loan effectiveness (Section 6.01 draft Loan Agreement). Ownership of project facilities would be divided between ONE and the communes benefitting from the project. The 22-kV transmission lines would belong to ONE, and the distribution network including the medium-low voltage transformers, to the communes. After project completion, ONE would operate and maintain the latter facilities on behalf of the communes under conditions set forth in the above agreement.

43. To implement the project, ONE has created a village electrification unit within its distribution department. Staffing arrangements for this unit were reviewed during loan negotiations and found satisfactory. With the help of consultants, this unit is preparing detailed engineering and bidding documents. It is also preparing a critical path for project implementation which would be reviewed at regular intervals. To avoid disruptions in project implementation due to late payments to contractors, the Government agreed to provide ONE annually with sufficient funds to cover expenditures expected to

be incurred during the following year (Section 3.01(a) draft Loan Agreement). Physical implementation of the Project would start by end-1979 and last for about four years.

44. The Ministry of the Interior, which supervises local governments, would monitor project implementation through a newly created unit. This unit would annually review budget allocations required for project financing, keep an inventory of project facilities, supervise the orderly transfer of facility ownership to the communes and the proper implementation by ONE of operation and maintenance contracts for facilities owned by the communes, compile and update statistical data for preparing new phases of village electrification and undertake at periodical intervals an evaluation of socio-economic effects of the project and future phases. For adequate implementation of these tasks, the unit has already recruited four professionals and would recruit additional staff as and when needed (Section 3.03 draft Loan Agreement). A working level committee with representatives of the Ministries of Interior, Finance and Energy and Mining and ONE would meet monthly to monitor progress in project implementation.

45. The unit in the Ministry of the Interior will serve as secretariat for the interministerial commission for village electrification which would continue to review and approve annual village electrification programs (Section 3.02 draft Loan Agreement). Procedures for preparing further phases of the 15-year Village Electrification Program would be reviewed by the Bank at regular intervals.

#### Cost Recovery

46. Power tariffs, which have been increased most recently in January 1979 by 22 percent (of which 12 percent was to take account of fuel cost increases), would allow for recovering from project beneficiaries the full cost, except for interest, of power generation and transmission, and the operation and maintenance cost of the low voltage distribution facilities to be owned by the communes. Part of the capital cost of the latter facilities would be recovered through connection fees to be paid by customers. Net cash surplus should fully cover depreciation of the low voltage facilities in 1988 and thereafter. Surplus over project operation and maintenance cost would be used thereafter by ONE exclusively for the financing of network expansion as well as future tranches of the village electrification program (Section 3.04 draft Loan Agreement). ONE's overall tariff would be increased as necessary to comply with the cash generation covenant under Loan 1299-MOR, whereby ONE's average net internal cash generation, in any year and the preceeding year, should amount to at least 18 percent of average capital expenditures over the same two years and the next following years, until 1979, and to at least 20 percent thereafter.

#### Procurement

47. Contracts for supplying equipment and materials to be financed from the proposed Bank loan would be awarded under international competitive bidding in accordance with the Bank's guidelines for procurement; in the evaluation of bids for these contracts, Moroccan equipment suppliers would be given



a preference margin of 15 percent, or the prevailing customs duty, whichever is lower. Minor quantities of standard distribution equipment and materials would be procured under "international shopping" after inviting quotations from at least three manufacturers, provided the aggregate amount of such contracts does not exceed \$700,000 equivalent. Contracts for civil works and installation of project facilities would be grouped by region and let after international competitive bidding. However, it is unlikely that foreign contractors would be interested in bidding for these contracts because of the geographical dispersion and the high labor content of works to be carried out under the Project.

#### Disbursement

48. Disbursements, estimated to be completed by end June 1984, would be made against: 100 percent of the cif cost of imported equipment and materials, 100 percent of the ex-factory cost of locally produced equipment and materials procured after international competitive bidding, 35 percent of the total cost of installation works representing the estimated foreign exchange content and 100 percent of the foreign exchange cost of consultant services.

#### Retroactive Financing

49. Retroactive financing up to \$250,000 for expenditures incurred prior to loan signature but after January 1, 1979, for preparation of detailed engineering and bidding documents is proposed (Schedule 1, draft Loan Agreement). This would be in addition to the \$90,000 advance granted under the Project Preparation Facility.

#### Project Risks and Environmental Impact

50. The project would be a continuation of past efforts albeit on a much larger scale and in a more systematic fashion. The work would consist of extending distribution lines in rural areas without detrimental effect on the environment. ONE with the help of consultants would be capable of handling the quantity of work to be done. Because of possible conflicts between ONE and the Ministry of the Interior, which might respond unduly to pressures from local governments for provision of additional infrastructures, a list of villages which would benefit from the project has been agreed upon and would be attached to the agreement between the Government and ONE.

#### Project Justification

51. The project would be a first phase of the national rural electrification program which has two principal objectives: (a) to increase access to electricity of Morocco's rural population; and (b) to contribute to the improvement of the agriculture sector's productivity. The project would extend electric service from the national grid to 220 villages in seventeen provinces, thus providing electricity to approximately 360,000 rural inhabitants. The project would be an essential part of the Government's newly emphasized policy aimed at slowing down rural out-migration by concentrating activities and amenities in well selected rural centers. The project's

economic rate of return would be 6 percent, applying the traditional methodology, i.e. using present tariffs as proxy for project's benefits. This computation does not capture secondary benefits such as employment creation and improved living conditions. This low rate of return is not specific to this project. Village electrification is a lengthy and costly process in all developing countries. In the case of Morocco the rugged nature of the terrain and dispersed pattern of the rural population render the process even more costly. Past efforts in providing electricity to rural areas were clearly insufficient. As a consequence, the percentage of population currently serviced is particularly low in comparison with other countries with similar per capita income. The proposed project would accelerate the pace of village electrification and strengthen the institutions responsible for it. The project would also establish a financial mechanism conducive to reducing requirements for Government outlays for the financing of future phases of village electrification. However this would be obtained only in the long term and the mechanism should therefore be put to work without delay.

#### PART V - LEGAL INSTRUMENTS AND AUTHORITY

52. The draft Loan Agreement between the Kingdom of Morocco and the Bank, the draft Project Agreement between the Bank and ONE and the Report of the Committee provided for in Article III, Section 4(iii) of the Articles of Agreement are being distributed to the Executive Directors separately.

53. Special conditions of the Project are listed in Section III of Annex III.

54. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank.

#### PART VI - RECOMMENDATION

55. I recommend that the Executive Directors approve the proposed loan.

Robert S. McNamara  
President

Attachments  
April 26, 1979  
Washington, D.C.

TABLE 3A  
- SOCIAL INDICATORS DATA SHEET

MOROCCO	REFERENCE COUNTRIES (1970)					
	1980	1970	MOST RECENT ESTIMATE **	PHILIPPINES	TURKEY	GREECE ***
LAND AREA (THOU KM2)						
TOTAL	659.9*					
AGRIC.	157.8					
GNP PER CAPITA (US\$)	190.0	300.0	540.0	230.0	800.0	1380.0
<b>POPULATION AND VITAL STATISTICS</b>						
POPULATION (MID-YR. MILLION)	11.6	14.8	17.2	38.9	35.8	8.8
POPULATION DENSITY PER SQUARE KM.	28.0	33.0	39.0	123.0	48.0	87.0
PER SQ. KM. AGRICULTURAL LAND	81.0	74.0	110.0	375.0	65.0	88.0
<b>VITAL STATISTICS</b>						
CRUDE BIRTH RATE (/THOU, AV)	50.4	49.2	46.2	44.2	40.8	18.1
CRUDE DEATH RATE (/THOU, AV)	24.2	18.5	15.7	13.2	14.4	8.0
INFANT MORTALITY RATE (/THOU)	149.0/a	..	130.0	81.0	153.0/a	29.8
LIFE EXPECTANCY AT BIRTH (YRS)	45.4	50.4	53.0	55.0	64.4	70.9
GROSS REPRODUCTION RATE	3.4/a	3.4	3.3	3.3	2.6/b,c	1.0
<b>POPULATION GROWTH RATE (%)</b>						
TOTAL	2.8	2.4/a	2.4/a	3.0	2.6	0.8/a
URBAN	6.4	4.0	5.6	4.0	4.9/d	1.8
URBAN POPULATION (% OF TOTAL)	29.3	32.2	40.1	27.6	38.7	82.8
<b>AGE STRUCTURE (PERCENT)</b>						
0 TO 14 YEARS	44.3	48.4	45.8	45.6	41.7	24.9
15 TO 64 YEARS	51.7	51.1	51.6	51.6	54.0	64.0
65 YEARS AND OVER	4.0	2.5	2.6	2.8	4.3	11.1
<b>AGE DEPENDENCY RATIO</b>						
ECONOMIC DEPENDENCY RATIO	0.9	1.0	0.9	0.9	0.9	0.6
	2.0	1.9/b	1.8	1.8	1.1/e	..
<b>FAMILY PLANNING</b>						
ACCEPTORS (CUMULATIVE, THOU)	..	88.1	352.3	320.0	..	..
USERS (% OF MARRIED WOMEN)	..	3.8	5.4	2.0	8.2	..
<b>EMPLOYMENT</b>						
TOTAL LABOR FORCE (THOUSAND)	3300.0/b	4000.0/b	4900.0/b	12400.0	14000.0/f	..
LABOR FORCE IN AGRICULTURE (%)	58.0/b	50.0/b	42.4/b	95.0/a	63.4	..
UNEMPLOYED (% OF LABOR FORCE)	9.0/b	9.0/b	13.2/b	7.6	11.9/g	..
<b>INCOME DISTRIBUTION</b>						
<b>% OF PRIVATE INCOME REC'D BY-</b>						
HIGHEST 5% OF HOUSEHOLDS	18.0/c	20.0/c	..	..	32.8/h	..
HIGHEST 20% OF HOUSEHOLDS	43.0/c	49.0/c	..	..	80.8/h	..
LOWEST 20% OF HOUSEHOLDS	7.0/c	4.0/c	..	..	3.8/h	..
LOWEST 40% OF HOUSEHOLDS	18.0/c	12.0/c	..	..	8.4/h	..
<b>DISTRIBUTION OF LAND OWNERSHIP</b>						
<b>% OWNED BY TOP 10% OF OWNERS</b>						
	..	..	51.0/c	..	39.0/i	..
<b>% OWNED BY SMALLEST 10% OWNERS</b>						
	..	..	1.0/c	..	0.7/i	..
<b>HEALTH AND NUTRITION</b>						
POPULATION PER PHYSICIAN	9700.0/a	12650.0	12400.0	..	2250.0	620.0
POPULATION PER NURSING PERSON	..	..	1500.0	..	1770.0/d	1140.0
POPULATION PER HOSPITAL BED	620.0/a	660.0/d	780.0/d	850.0	600.0	180.0
<b>PER CAPITA SUPPLY OF -</b>						
CALORIE (% OF REQUIREMENTS)	70.0	102.0	111.0/c	86.0	112.0	116.0
PROTEIN (GRAMS PER DAY)	43.0	64.0	70.0/c	45.0	78.0	89.0
-OF WHICH ANIMAL AND PULSE	..	14.0/e	13.2/e	22.0	22.0/k	52.0/b
<b>DEATH RATE (/THOU) AGES 1-4</b>						
	..	..	..	8.6	14.7/l	..
<b>EDUCATION</b>						
<b>ADJUSTED ENROLLMENT RATIO</b>						
PRIMARY SCHOOL	47.0	52.0	64.9	113.0	105.0	110.0
SECONDARY SCHOOL	5.0	13.0	17.2	49.0	28.0	70.0
YEARS OF SCHOOLING PROVIDED (FIRST AND SECOND LEVEL)	12.0	12.0	12.0	10.0	11.0	12.0
<b>VOCATIONAL ENROLLMENT (% OF SECONDARY)</b>						
	..	2.0	3.0	6.0/b	14.0	20.0
<b>ADULT LITERACY RATE (%)</b>						
	17.0/e	21.0	28.0	..	85.0/p	82.0
<b>HOUSING</b>						
PERSONS PER ROOM (URBAN)	2.1	2.1	..	..	1.9	..
OCCUPIED DWELLINGS WITHOUT PIPED WATER (%)	..	35.0/f	..	78.0	66.0	..
ACCESS TO ELECTRICITY (% OF ALL DWELLINGS)	76.0	82.0/f	..	23.0	40.0	..
RURAL DWELLINGS CONNECTED TO ELECTRICITY (%)	31.0	..	..	7.0	18.0	..
<b>CONSUMPTION</b>						
RADIO RECEIVERS (PER THOU POP)	46.0	60.0	77.0	72.0	89.0	111.0
PASSENGER CARS (PER THOU POP)	11.0	15.0	19.5	8.0	4.0	28.0
ELECTRICITY (KWH/YR PER CAP)	87.0	128.0	173.0	215.0	247.0	1072.0
NEWSPRINT (KG/YR PER CAP)	0.2	0.2	0.3	2.0	0.7	1.8

SEE NOTES AND DEFINITIONS ON REVERSE

NOTES

Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961, for 1970 between 1969 and 1971, and for Most Recent Estimate between 1973 and 1976.

- \* Including Moroccan provinces in Western Sahara.
- \*\* Excludes Moroccan provinces in Western Sahara.
- \*\*\* Although Greece's GNP per capita is much higher than that of Morocco, Greece has been selected as an objective country since both countries are on the Mediterranean, their economies rely on the market-mechanism, and they are similar in productive activity, especially in agriculture.

<b>MOROCCO</b>	<b>1960</b>	<b>/a</b>	1962; <b>/b</b> Excludes unreported female helpers in agriculture; <b>/g</b> Consumption expenditure of households; <b>/d</b> Government hospital establishments only; <b>/e</b> Persons over five years of age who can read and write.
	<b>1970</b>	<b>/a</b>	Due to emigration population growth rate is lower than rate of natural increase; <b>/b</b> Exclude unreported female helpers in agriculture; <b>/c</b> Consumption expenditure of households; <b>/d</b> Government hospital establishments only; <b>/e</b> 1964-66; <b>/f</b> Urban households only.
	<b>MOST RECENT ESTIMATE:</b>	<b>/a</b>	Due to emigration population growth rate is lower than rate of natural increase; <b>/b</b> 1977 estimate; <b>/c</b> Excludes collective and "guich" land; <b>/d</b> Government hospital establishments only; <b>/e</b> 1971-77 average.
<b>PHILIPPINES</b>	<b>1970</b>	<b>/a</b>	As percentage of employment; <b>/b</b> Public education only.
<b>TURKEY</b>	<b>1970</b>	<b>/a</b>	1967; <b>/b</b> Excludes 17 eastern provinces; <b>/c</b> 1963-67; <b>/d</b> 1965-70; <b>/e</b> Ratio of population under 15 and 65 and over to labor force 15 years and over; <b>/f</b> Civilian labor force; <b>/g</b> Including peak season agricultural unemployment; <b>/h</b> Disposable income; <b>/i</b> Agricultural land, ignoring landless households; <b>/j</b> Including assistant nurses and midwives; <b>/k</b> 1964-66; <b>/l</b> 1967-68; <b>/m</b> Persons six years and over who tell the census takers that they can read and write.
<b>CAECE</b>	<b>1970</b>	<b>/a</b>	Due to emigration population growth rate is lower than rate of natural increase; <b>/b</b> 1967.

114, May 1, 1978

DEFINITIONS OF SOCIAL INDICATORS

**Land Area (thou km<sup>2</sup>)**

**Total** - Total surface area comprising land area and inland waters.  
**Agric.** - Most recent estimate of agricultural area used temporarily or permanently for crops, pastures, market & kitchen gardens or to lie fallow.

**GNP per capita (US\$)** - GNP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1974-76 base); 1960; 1970 and 1976 data.

**Population and vital statistics**

**Population (mid-year, million)** - As of July first; if not available, average of two end-year estimates; 1960, 1970 and 1976 data.

**Population density - per square km** - Mid-year population per square kilometer (100 hectares) of total area.

**Population density - per square km of agric. land** - Computed as above for agricultural land only.

**Vital statistics**

**Crude birth rate per thousand, average** - Annual live births per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970, and five-year averages ending in 1975 for most recent estimate.

**Crude death rate per thousand, average** - Annual deaths per thousand of mid-year population; ten-year arithmetic averages ending in 1960 and 1970 and five-year averages ending in 1975 for most recent estimate.

**Infant mortality rate (/thou)** - Annual deaths of infants under one year of age per thousand live births.

**Life expectancy at birth (yrs)** - Average number of years of life remaining at birth; usually five-year averages ending in 1960, 1970 and 1975 for developing countries.

**Gross reproduction rate** - Average number of live daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970 and 1975 for developing countries.

**Population growth rate (%) - total** - Compound annual growth rates of mid-year population for 1950-60, 1960-70 and 1970-75.

**Population growth rate (%) - urban** - Computed like growth rate of total population; different definitions of urban areas may affect comparability of data among countries.

**Urban population (% of total)** - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries.

**Age structure (percent)** - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population.

**Age dependency ratio** - Ratio of population under 15 and 65 and over to those of ages 15 through 64.

**Economic dependency ratio** - Ratio of population under 15 and 65 and over to the labor force in age group of 15-64 years.

**Family planning - acceptors (cumulative, thou)** - Cumulative number of acceptors of birth-control devices under auspices of national family planning program since inception.

**Family planning - users (% of married women)** - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

**Employment**

**Total labor force (thousand)** - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc.; definitions in various countries are not comparable.

**Labor force in agriculture (%)** - Agricultural labor force (in farming, forestry, hunting and fishing) as percentage of total labor force.

**Unemployed (% of labor force)** - Unemployed are usually defined as persons who are able and willing to take a job, out of a job on a given day, remained out of a job, and seeking work for a specified minimum period not exceeding one week; may not be comparable between countries due to different definitions of unemployed and source of data, e.g., employment office statistics, sample surveys, compulsory unemployment insurance.

**Income distribution** - Percentage of private income (both in cash and kind) received by richest 5%, richest 20%, poorest 20%, and poorest 40% of households.

**Distribution of land ownership** - Percentages of land owned by wealthiest 10% and poorest 10% of land owners.

**Health and nutrition**

**Population per physician** - Population divided by number of practicing physicians qualified from a medical school at university level.

**Population per nursing person** - Population divided by number of practicing male and female graduate nurses, "trained" or "certified" nurses, and auxiliary personnel with training or experience.

**Population per hospital bed** - Population divided by number of hospital beds available in public and private general and specialized hospital and rehabilitation centers; excludes nursing homes and establishments for custodial and preventive care.

**Per capita supply of calories (% of requirements)** - Computed from energy equivalent of net food supplies available in country per capita per day; available supplies comprise domestic production, imports less exports, and changes in stock; net supplies exclude animal feed, seeds, quantities used in food processing and losses in distribution; requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weights, age and sex distributions of population, and allowing 10% for waste at household level.

**Per capita supply of protein (grams per day)** - Protein content of per capita net supply of food per day; net supply of food is defined as above; requirements for all countries established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein; these standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

**Per capita protein supply from animal and pulse** - Protein supply of food derived from animals and pulses in grams per day.

**Death rate (/thou) ages 1-4** - Annual deaths per thousand in age group 1-4 years, or children in this age group; suggested as an indicator of malnutrition.

**Education**

**Adjusted enrollment ratio - primary school** - Enrollment of all ages as percentage of primary school-age population; includes children aged 6-11 years but adjusted for different lengths of primary education; for countries with universal education, enrollment may exceed 100% since some pupils are below or above the official school age.

**Adjusted enrollment ratio - secondary school** - Computed as above; secondary education requires at least four years of approved primary instruction; technical, vocational, or teacher training instructions for pupils of 12 to 17 years of age; correspondence courses are generally excluded.

**Years of schooling provided (first and second levels)** - Total years of schooling; at secondary level, vocational instruction may be partially or completely included.

**Vocational enrollment (% of secondary)** - Vocational institutions include technical, industrial or other programs which operate independently or as departments of secondary institutions.

**Adult literacy rate (%)** - Literate adults (able to read and write) as percentage of total adult population aged 15 years and over.

**Housing**

**Persons per room (urban)** - Average number of persons per room in occupied conventional dwellings in urban areas; dwellings include non-permanent structures and unoccupied parts.

**Occupied dwellings without piped water (%)** - Occupied conventional dwellings in urban and rural areas without inside or outside piped water facilities as percentage of all occupied dwellings.

**Access to electricity (% of all dwellings)** - Conventional dwellings with electricity in living quarters as percent of total dwellings in urban and rural areas.

**Rural dwellings connected to electricity (%)** - Computed as above for rural dwellings only.

**Consumption**

**Radio receivers (per thou pop)** - All types of receivers for radio broadcasts to general public per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

**Passenger cars (per thou pop)** - Passenger cars comprise motor cars costing less than eight persons; excludes ambulances, hearse and military vehicles.

**Electricity (kwh/yr per cap)** - Annual consumption of industrial, commercial, public and private electricity in kilowatt hours per capita, generally based on production data, without allowance for losses in grids but allowing for imports and exports of electricity.

**Meat intake (kg/yr per cap)** - Per capita annual consumption in kilograms estimated from domestic production plus net imports of mutton.

INDICATORS: ECONOMIC PERFORMANCE DATA SHEET

	Actuals				Projections			Annual Growth Rate				Percent of GDP
	1967	1972	1976	1977	1978	1982	1987	1967-72	1972-77	1977-82	1982-87	1977
<b>A. NATIONAL ACCOUNTS</b> (In million, 1969 prices)												
1. Gross Domestic Product	15,573	20,661	27,327	29,446	30,310	36,439	54,863	5.8	7.3	4.6	8.3	100.0
2. Taxes of trade adjustment	-300	-3	151	107	152	402	1,104	-	-	-	-	0.4
3. Gross Domestic Income	15,273	20,658	27,458	29,553	30,662	37,441	55,947	6.2	7.4	5.0	8.3	100.4
4. Imports	3,000	3,994	6,760	8,169	7,170	8,274	13,932	5.9	15.4	0.3	10.9	27.7
5. Exports	-2,976	-3,961	-3,811	-4,227	-4,039	-6,639	-10,265	5.3	1.8	9.5	9.1	15.6
6. Exports, TT adjustment	-2,676	-3,858	-3,962	-4,336	-4,791	-7,451	-11,369	7.6	2.4	12.3	8.8	15.9
7. Resource use, TT adjustment	376	136	1,798	1,835	2,379	333	2,563	-	-	-	-	13.0
8. Total consumption	14,163	18,720	23,613	26,553	25,361	31,579	42,357	5.2	6.1	5.2	6.8	87.4
9. Private consumption	12,239	15,510	19,428	19,569	20,301	25,103	32,225	3.0	4.9	4.8	5.8	67.4
10. Government consumption	1,924	2,410	4,185	4,704	4,960	6,476	8,082	6.3	12.5	6.6	7.0	15.0
11. Gross fixed investment	1,986	2,601	6,819	8,459	6,670	6,400	15,300	5.5	26.6	-5.8	19.4	25.7
12. Change in stocks	682	365	-176	377	600	495	653	-	-	-	-	1.7
13. Domestic savings	3,110	2,438	3,865	5,000	4,821	6,062	13,590	17.0	15.5	4.0	17.5	15.6
14. National savings	980	2,764	5,031	6,089	5,869	6,977	14,698	23.1	17.1	2.8	16.1	20.3
15. Gross Domestic Product (\$ Billion current prices)	3,083	5,052	9,916	11,224	12,302	18,437	34,931	10.4	14.5	10.4	13.7	-
16. Gross National Product (\$ Billion current prices)	3,046	5,090	10,316	11,654	12,680	18,825	35,608	10.9	15.1	10.0	13.6	-
<b>B. SECTOR OUTPUT</b> (Share of GDP at current prices)												
1. Agriculture	21.5	20.5	19.1	15.7	18.3	17.8	16.6	-	-	-	-	-
2. Mining	4.1	3.3	4.8	5.0	5.4	6.1	6.7	-	-	-	-	-
3. Energy, Manuf., Construction	25.0	24.8	26.0	27.0	28.3	29.9	35.1	-	-	-	-	-
4. Other services	49.4	51.4	50.1	52.3	48.0	46.2	41.6	-	-	-	-	-
<b>C. PRICES</b>												
1. Export price index	0.941	1.123	1.901	1.994	2.218	3.134	4.082	-	-	-	-	-
2. Import price index	1.046	1.124	1.915	1.945	2.148	2.778	3.685	-	-	-	-	-
3. Terms of trade index	0.898	0.999	1.041	1.025	1.033	1.121	1.108	-	-	-	-	-
4. Gross Domestic Product deflator	0.998	1.122	1.609	1.715	1.816	2.250	2.808	-	-	-	-	-
5. Exchange rate (M per US\$)	0.198	0.318	0.326	0.322	0.322	0.322	0.322	-	-	-	-	-
<b>D. SELECTED INDICATORS *</b>												
	1967-72	1972-77	1977-82	1982-87								
1. ITCR	2.17	2.83	3.70	2.75								
2. Import elasticity/GDP	1.0	2.1	0.1	1.3								
3. Average national saving rate	8.2	17.0	19.0	25.4								
4. Marginal national saving rate	33.2	37.4	11.0	42.2								
5. Imports/GDP	19.3	25.5	25.1	26.8								
6. Investment/GDP	12.6	20.6	17.0	22.8								
7. Resource gap/GDP	1.3	4.8	7.2	2.8								
<b>E. LABOR FORCE (Thousand)</b>												
	1971 2/	1977 2/	Growth rate (% p. a.)									
1. Agriculture	1,980	2,100	1.0									
2. Industry	600	920	7.0									
3. Services	780	820	0.6									
4. Government	270	360	5.0									
5. Total employment	3,630	4,170	2.3									
6. Total labor force	3,920	4,960	3.7									
7. Emigrated, unemployed 2/	350	770	14.0									
<b>F. FEDERAL GOVERNMENT FINANCES</b> (Percent of GDP at current prices)												
	1967	1972	1976	1977	Projection 1978							
1. Current resources	14.7	15.5	19.8	23.0	24.7							
(OCF profit transfers)	(1.0)	-	(1.7)	(0.9)	(1.0)							
2. Current expenditures 1/	13.5	14.4	18.2	18.5	19.1							
3. Current surplus	1.2	1.1	1.6	4.5	5.6							
4. Investment 2/	6.9	5.1	16.5	19.8	14.5							
5. Fixed Investment	6.8	4.5	9.6	10.2	7.6							

1/ Including debt services and subsidies; 2/ Including Defense and capital transfers; 3/ 1971 census and data provided by Planning Services for 1977; 4/ Total emigrated workers registered between 250,000 and 300,000.

MOROCCO: BALANCE OF PAYMENTS AND EXTERNAL ASSISTANCE  
(Millions of US dollars; current prices)

	Actual				Projected					
	1967	1972	1976	1977	1978	1980	1982	1983	1987	1992
<b>A. SURPLUS OF BALANCE OF PAYMENTS</b>										
1. Exports, incl. SFS	355	945	1,718	1,873	2,285	3,316	4,592	5,337	9,306	18,059
2. Imports, excl. SFS	673	978	2,929 1/	3,529 1/	3,420	4,045	5,103	5,883	11,403	18,462
3. Resource balance	-68	-33	-1,211	-1,656	-1,135	-729	-513	-546	-2,097	-583
4. Net factor services	-37	38	400	429	378	355	414	437	886	931
Net interest payments	-17	-34	-68	-118	-185	-290	-325	-324	-447	-722
Net investment income	-19	-28	-51	-70	-89	-109	-132	-154	-15-	-15-
Workers' remittances	41	139	547	600	702	804	921	985	1,313	1,853
Other (net)	-52	-39	-48	17	-50	-50				
5. Current transfers (net)	13	42	47	42	45	52	58	63	83	116
6. Current account balance	-92	-27	-764	-1,183	-712	-322	-41	-26	-1,348	-464
7. Private direct investments (net)	9	14	38	58	64	77	93	102	150	241
8. Public M + LT loans										
Disbursements	88	123	603	1,717 2/	883	966	942	1,089	2,411	1,569
Repayments	-29	-67	-50	-131	-234	-652	-893	-856	-945	-1,956
Net disbursements	59	56	518	1,576	629	314	49	233	1,466	-385
9. Short-term capital (net)	-18	-32	29	58	-	-	-	-	-	-
10. Net use of IMF resources	-	13	-	-	-	-	-	-	-	-
11. Capital a.s.l. 2/	23	-23	163	-503 2/	-	-	-	-	-	-
12. Change in reserves	-19	-75	16	-4	19	-49	-101	-309	-268	-320
13. Level of reserves										
- Month	21	286	491	423	404	446	642	952	1,876	3,083
- Month's imports	0.6	3.5	2.0	1.2	1.6	1.6	1.5	1.6	1.9	2.0
<b>B. GRANT AND LOAN COMMITMENTS</b>										
1. Official grants	25	17	13	10						
2. Total public M + LT loans	88	179	678	1,697						
IMF/IDA	8	97	150	166						
Other incl. institutions	-	-	4	10						
Disbursements	90	63	140	458						
Suppliers' credits	-	16	33	255						
Commercial banks	-	3	351	808						
<b>C. GRANT TERMS</b>										
1. Grant element (%)	n.a.	30.6	13.9	11.2						
2. Average interest (%)	n.a.	5.3	7.2	7.3						
3. Average maturity (years)	n.a.	22.3	11.7	10.1						

1/ Excluding special military import payments which are tentatively estimated by the mission at \$590 million in 1976 and \$530 million in 1977

2/ Including grants

3/ Provisional figure

May 12, 1978  
ENESA CP/1c

MOROCCO: EXTERNAL DEBT CREDITWORTHINESS

	Actuals			
	1967	1972	1976	1977
<b>A. <u>MEDIUM AND LONG TERM DEBT</u></b> (Millions of US dollars)				
1. Total DOD at year's end	n.a.	919	2,257	3,831
2. Including undisbursed	n.a.	1,187	3,155	4,708
3. Debt service	46	101	138	249
of which interest	17	34	48	118
<b>B. <u>DEBT BURDEN (%)</u></b>				
1. Debt service/exports of G&S	8.3	10.7	8.0	13.3
2. Debt service/exports & workers rem.	7.7	9.3	6.1	10.1
3. Debt service/GDP	1.5	2.0	1.4	2.2
<b>C. <u>TERMS</u></b>				
1. Interest/prior year DOD	n.a.	3.9	2.8	5.2
2. Debt service/prior year DOD	n.a.	11.6	8.1	11.0
<b>D. <u>DEPENDENCY RATIOS</u></b>				
1. Gross disbursements/imports	14.1	12.6	20.8	48.7 <sup>1/</sup>
2. Net disbursements/imports (incl. NFS)	6.7	2.2	16.0	32.5 <sup>1/</sup>
3. Net disbursements/gross disbursements	47.7	17.9	77.3	66.8 <sup>1/</sup>
<b>E. <u>EXPOSURE RATIOS</u></b>				
1. Bank Group disb./total disb.	n.a.	21.0	10.5	3.8
2. Bank Group DOD/total DOD	n.a.	10.9	14.4	9.8
3. Bank Group debt service/total debt service	n.a.	10.5	25.2	14.1
<b>F. <u>EXTERNAL DEBT (DISBURSED ONLY)</u></b> (Millions of US dollars)				
		<u>Outstanding December 31, 1977</u>		
		<u>Amount</u>	<u>Percent</u>	
1. IBRD		339	8.8	
2. IDA		37	1.0	
3. Other international organizations		18	0.5	
4. Governments		1,320	31.5	
5. Suppliers credits		492	12.8	
6. Financial institutions		1,568	40.9	
7. Others		57	1.5	
8. Total outstanding and disbursed		3,831	100.0	
9. Total outstanding including undisbursed		4,708	122.9	
<b>G. <u>DEBT PROFILE</u></b>				
1. Total debt service 1978/82/Total DOD end 1977 = 1.14				

<sup>1/</sup> Provisional percentage

A. STATEMENT OF BANK LOANS AND IDA CREDITS (as of March 31, 1979)

Loan or Credit Number	Year	Borrower	Purpose	US\$ Million		
				Amount Bank	(less cancellations) IDA <sup>1/</sup>	Undisbursed
Eleven	Loans	Fully disbursed		174.9		
Four	Credits	Fully disbursed			36.0	
643	1969	Kingdom of Morocco	Irrigation	46.0		0.3
848	1972	CIH	DFC (Tourism)	15.0		1.1
850	1972	ONEP	Water Supply	48.0		4.5
936	1973	ONE	Power	25.0		3.6
955	1974	Kingdom of Morocco	Highway	29.0		5.6
1017	1974	Maroc-Phosphore	Industry	50.0		4.4
1018	1974	Kingdom of Morocco	Agriculture	32.0		12.5
1061	1974	BNDE	DFC	30.0		5.0
555	1975	Kingdom of Morocco	Agriculture		14.0	13.7
1123	1975	Kingdom of Morocco	Agriculture	18.5		8.4
1201	1976	Kingdom of Morocco	Agriculture	30.0		18.5
1202	1976	Kingdom of Morocco	Tourism	21.0		18.7
1220-T	1976	Kingdom of Morocco	Education	25.0		25.0
1279	1976	CIH	DFC (Tourism)	25.0		6.4
1299	1976	Kingdom of Morocco	Power	49.0		33.9
1361	1977	CNCA	Agriculture	35.0		17.1
1383	1977	CIOR	Industry	45.0		4.9
1416	1977	Kingdom of Morocco	Agriculture	41.0		40.3
1428	1977	BNDE	DFC	45.0		44.7
S-7	1977	Kingdom of Morocco	Engineering	1.5		1.5
1528	1978	Kingdom of Morocco	Urban Develop.	18.0		18.0
1602	1978	Kingdom of Morocco	Fes Karia Tissa	65.0		65.0
1625	1978	Maroc-Phosphore	Industry	50.0		50.0
<b>Total</b>				<b>918.9</b>	<b>50.0</b>	<b>403.9</b>
of which has been repaid <sup>2/</sup>				127.6	0.4	
<b>Total now outstanding</b>				<b>968.9</b>	<b>49.6</b>	
Amount sold				20.4	-	
of which has been repaid				6.2	-	
<b>Total now held by Bank and IDA</b>				<b>777.1</b>	<b>49.6</b>	
<b>Total undisbursed</b>				<b>390.2</b>	<b>13.7</b>	<b>403.9</b>

NOTES

<sup>1/</sup> Prior to exchange adjustment

<sup>2/</sup> Repayments as of February 28, 1979

B. STATEMENT OF IFC INVESTMENTS (as of March 31, 1979)

			US\$ Million		
			Loan	Equity	Total
1962/78	FYDE	Develop. Bank	--	2.7	2.7
1966	CTL	Canning Factory	0.9	0.5	1.4
1976	Marrakech Cement	Cement Factory	--	1.3	1.3
1977	Temara Cement	Cement Factory	4.8	2.4	7.2
Total gross commitments			5.7	6.9	12.6
less cancellations, terminations					
repayments and sales			0.9	1.2	2.1
Total commitments now held by IFC			4.8	5.7	10.5
Total undisbursed			--	0.2	0.2



C. PROJECTS IN EXECUTION 1/

Ln. No. 643 Rharr-Sebou Irrigation Project: US\$46 million Loan of November 13, 1969; Date of Effectiveness: June 8, 1970; Closing Date: June 30, 1980.

Progress in implementing the project was delayed by problems initially experienced with management and procurement of canalettes and severe flooding in February 1977 which caused damage to crops and irrigation works. The major project structure, Idriss 1<sup>er</sup> Dam, is completed and 32,400 ha out of a total of 35,200 ha are already equipped. Additional infrastructure for the project area, including a sugar cane processing factory, are being provided by Loan No. 1018-MOR.

Ln. No. 848 Second Hotel Development Project; US\$15 million of June 30, 1972; Date of Effectiveness: November 1, 1972; Closing Date: June 30, 1979.

Commitments and disbursements initially lagged behind expectations, due to sluggish investment activity in 1973, but the loan is now fully committed.

Ln. No. 850 Water Supply Project; US\$48 million Loan of July 19, 1972; Date of Effectiveness: May 2, 1973; Closing Date: October 31, 1979.

The dam which was the major component of the project was inaugurated in August 1974. All project elements are completed except for the training school, which is under construction and expected to be completed by Fall 1979; training courses are presently being given in temporary facilities. Although tariff increases were implemented in October 1977, the higher revenues did not compensate for steep increases in operating cost. The Government has established an interministerial commission to review the situation.

---

1/ These notes are designed to inform the Executive Directors regarding the progress of projects in execution, and in particular to report any problems which are being encountered, and the action being taken to remedy them. They should be read in this sense, and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

ANNEX II

Page 3 of 7 pages

Ln. No. 936 Power Project; US\$25 million of October 5, 1973; Date of Effectiveness: January 23, 1974; Closing Date: December 31, 1979.

Physical implementation of the project is complete. Savings amounting to about US\$3.5 million are being applied to consultant services for feasibility studies, preliminary design and preparation of bid documents for 5 hydro stations required to alleviate Morocco's dependency on imported oil. A one year postponement of the Closing Date was granted to allow payments under these contracts. Electricity rates were increased on average by 14 percent on February 1, 1978, and again by 22 percent in January 1979.

Ln. No. 955 Second Highway Project; US\$29 million of January 11, 1974; Date of Effectiveness: May 21, 1974; Closing Date: June 30, 1979.

Construction of the Rabat-Casablanca expressway which began in early 1975 - about 8 months behind schedule - is now almost complete and the maintenance equipment and highway improvement programs are complete. Work on the contract for technical assistance for the establishment of a Transport Planning Office in the Ministry of Public Works is proceeding satisfactorily.

Ln. No. 1017 Phosphoric Acid Project; US\$50.0 million of June 27, 1974; Date of Effectiveness: February 27, 1975; Closing Date: December 31, 1979.

The project was mechanically completed in October 1976 and the plant is now in commercial operation.

Ln. No. 1018 Sebou II Development Project; US\$32.0 million of June 27, 1974; Date of Effectiveness: February 28, 1975; Closing Date: June 30, 1979.

The sugar cane processing factory was essentially completed on schedule in 1975. Construction of the project area roads is on schedule. The Government recently requested that funds earmarked for the construction of flood protection dykes be transferred to other infrastructure works related to the Sebou I and II projects, in view of the high costs of such works, the economic benefits which are less than originally estimated and the advancement of the construction of the M'Jara Dam which greatly curtails the risk of flooding. A decision on this request is under review. The study on pollution control is now proceeding satisfactorily; however the study on the incidence of bilharzia on the Rharb plain has yet to be started.

Ln. No. 1061 Seventh BNDE Project; US\$30 million of December 30, 1974; Date of Effectiveness: January 15, 1975; Closing Date: June 30, 1979.

The loan is fully committed. Disbursements are roughly in line with appraisal estimates.

Ln. No. 1123 Souss Groundwater Project; US\$18.5 million of June 11, 1975;  
Date of Effectiveness: September 26, 1975; Closing Date:  
June 30, 1980.

The 59 wells required for new irrigated area (6,300 ha) were completed and tested one year ahead of appraisal schedule. Land clearing and construction of the Project Headquarters and Development Centers have been completed. Land distribution to Agrarian Reform beneficiaries has been completed on about 55 percent of the project area. Works related to the social components of the project which suffered from substantial delay are now underway. Budgetary constraints facing Morocco have resulted in cutbacks in the operating budget and held back the assignment of additional personnel. While this issue has been partially solved for the area equipped so far, developments will need to be watched carefully as more area is put under irrigation in the future.

Cr. No. 555 Meknes Agricultural Development Project; US\$14.0 million of  
June 11, 1975; Date of Effectiveness: November 14, 1975;  
Closing Date: March 31, 1981.

The Project initially faced substantial delays in project implementation. The studies are now underway, and commitments of funds under the project have been initiated. Project management and the coordination of project activities between the project authority and the central offices of the Ministry of Agriculture have improved but continue to require close monitoring. A revised land reform and redistribution program which meets the project's objectives is currently under preparation.

Ln. No. 1201 Doukkala Irrigation Project; US\$30.0 million of February 27,  
1976; Date of Effectiveness: July 20, 1976; Closing Date:  
June 30, 1981.

The project includes sprinkler irrigation for 15,400 ha and infrastructure and equipment. Progress of construction is satisfactory after initial delays. The first 4,200 ha have been completed and put in service. Completion of the remainder of sectors is underway and expected to be on schedule. Agricultural development has been very satisfactory.

Ln. No. 1202 Bay of Agadir Tourism Project; US\$21.0 million of February 27,  
1976; Date of Effectiveness: October 29, 1976; Closing Date:  
December 31, 1981.

The project is intended to develop Agadir into a major tourism area and consists of infrastructure works and public facilities for the development of a new tourism section on 260 ha on which 7,000 hotel beds and 2,600 housing units are expected to be constructed. The project includes also regional infrastructure and facilities for the development of Agadir's tourism assets. The major project component, UAT-Forestry land development, has entered its construction phase and is expected to be completed by the end of 1979. The implementation of other components experienced some delays but these are not expected to affect overall project implementation.

Ln. No. 1220 Third Education Project; US\$25.0 million of March 18, 1976;  
Date of Effectiveness: October 1, 1976; Closing Date:  
May 1, 1981.

The project is designed to expand and improve primary and secondary education in rural areas and specialized training to meet urgent manpower needs in education, agriculture, health and tourism. Project implementation of physical aspects is slow with the exception of the rural development and extension training center, construction of which has recently started. All sites have been selected and design development is at an advanced stage. Recruitment of experts under the technical assistance program has been slow. It is expected that the overall situation will improve, and progress is being clearly monitored by supervision missions.

Ln. No. 1279 Third Hotel Development Project; US\$25.0 million of July 2,  
1976; Date of Effectiveness: November 18, 1976; Closing Date:  
December 31, 1980.

Implementation of the project is proceeding well. The loan is expected to be disbursed somewhat ahead of schedule. The loan is fully committed. CIH has been successful in mobilizing foreign exchange resources other than the Bank's and in reducing outstanding arrears in accordance with understandings reached during negotiations.

Ln. No. 1299 Sidi Cheho - Al Massira Hydro Project; US\$49.0 million of  
July 2, 1976; Date of Effectiveness: November 16, 1976;  
Closing Date: December 31, 1981.

The project comprises the construction of the Al-Massira concrete dam on the Oum er Rbia river, a 120-MW power station including a 225-KV substation, construction of about 200 Km of 225 Kv transmission lines, and preparation of preliminary designs and bid documents for the Merija compensating dam and power station. Procurement of the main project items is underway and physical progress of the project is satisfactory. The hydro plant should start operation by early 1980.

Ln. No. 1361 Third Agricultural Credit Project; US\$35.0 million Loan to  
Caisse Nationale de Credit Agricole (CNCA) of February 7, 1977;  
Date of Effectiveness: August 11, 1977; Closing Date:  
June 30, 1980.

The project aims at increasing Morocco's agricultural production and at expanding the capability of CNCA as a sound agricultural institution. The project will cover most of CNCA's program for medium- and long-term lending through August 1979 and will include related technical assistance. Disbursements of IBRD funds aim at financing on-farm investments of small farmers, cooperatives and farmers' association. Over one half of the Bank loan has been disbursed, and the remainder is expected to be disbursed by August 31, 1979, as scheduled..

Ln. No. 1383 CIOR Cement Project; US\$45.0 million of April 29, 1977; Date of Effectiveness: July 7, 1977; Closing Date: June 30, 1980.

The project comprises construction of a 1.2 million tons per year cement plant near Oujda in the Eastern Region of Morocco, and related distribution facilities. Overall project implementation is satisfactory, within original cost estimates and with a delay of about three months. Training of key personnel is almost complete, and recruitment is adequate. The plant has started operation in January 1979.

Ln. No. 1416 Doukkala II Irrigation Project; US\$41.0 million of June 16, 1977; Date of Effectiveness: December 1, 1977; Closing Date: June 30, 1984.

The project aims at extending irrigation and related agricultural development in the Doukkala perimeter by 16,600 hectares; it also calls for provision of extension and credit services, and village infrastructure. Land consolidation program and the enlargement of the main canal are proceeding according to schedule. Equipment of the project area has been slowed down due to budgetary constraints facing Morocco and are likely to result in a 1 to 2 year delay in completing the project.

Ln. No. 1428 Eighth BNDE Project; US\$45.0 million of June 16, 1977; Date of Effectiveness: December 21, 1977; Closing Date: September 30, 1981.

The project is designed to meet part of BNDE's requirements for financing of the import component of specific industrial enterprises, and of a small-scale industry pilot project for which up to \$5 million of Bank financing is included. The loan became effective on December 21, 1977 and commitments as of January 31, 1979 amounted to US\$25 million.

Ln. No. S-7 Sewerage Engineering Project; US\$1.5 million of August 30, 1977; Date of Effectiveness: August 26, 1978; Closing Date: April 30, 1981.

The project includes the preparation of a sewerage Master Plan for the Casablanca-Mohammedia region and a priority first stage project. It would assist Morocco in developing the design and planning criteria for urban sewer systems and strengthening the institutional and financial bases for the development of this sector. The loan became effective on August 26, 1978.

Ln. No. 1528 Rabat Urban Development Project; US\$18.0 million of March 31, 1978; Date of Effectiveness: November 21, 1978; Closing Date: March 31, 1982.

The project is designed to improve living conditions of the urban poor in Rabat. It includes (i) comprehensive squatter upgrading; (ii) an

experimental Sites and Services Housing Schemes; (iii) an employment generation program; (iv) community services equipment; and (v) technical assistance to strengthen the institutional arrangements and technical capabilities of the executing agencies. The loan became effective on November 21, 1978, and implementation is proceeding satisfactorily.

Ln. No. 1602 Fes-Karia Tissa Agriculture Project; US\$65.0 million of  
September 6, 1978; Date of Effectiveness: February 13, 1979;  
Closing Date: June 30, 1986.

The project aims at (i) improving the standard of living of about 33,900 farm families cultivating about 256,000 hectares in the Fes-Karia-Tissa region, and (ii) contributing to the growth of agricultural production and to a decline in Moroccan dependence on imported food commodities. These aims would be achieved through a reorganization and strengthening of agricultural services and provision of infrastructure.

Ln. No. 1625 Maroc Phosphore Expansion Project; US\$50.0 million of  
October 27, 1978; Limit Date for Effectiveness: April 27, 1979;  
Closing Date: June 30, 1982.

The project consists of expansion of production facilities at Safi through (i) the erection, on the site of the existing Maroc Phosphore plant, of an additional unit to produce for export 165,000 tpy of phosphoric acid, complete with ancillary facilities and related civil works; and (ii) the construction of sulphur melting units and sulphur storage facilities; and the construction of new phosphoric acid concentration and storage facilities.

SUPPLEMENTARY PROJECT DATA SHEET

Section I - Timetable of Key Events

- (a) Time taken by the country to prepare project: Twenty months (March, 1977-October, 1978)
- (b) Agency which prepared project: Ministry of Interior and Office National de l'Electricite (ONE) with the assistance of consultants
- (c) Date of first presentation to the Bank: November 1977
- (d) Date of departure of Appraisal Mission: September 1978
- (e) Date of completion of negotiations: March 1979
- (f) Planned date of effectiveness: August 1979

Section II - Special Bank Implementation Actions

Bank provided terms of reference for consulting services for engineering design and project management.

Section III - Special Conditions

- (a) For effectiveness: signature of the agreement between the Government and ONE for project implementation (para 42).
- (b) Other conditions
  - (i) channelling of funds through the Ministries of Energy and Mining and of the Interior (para 41);
  - (ii) surplus from operation of project facilities to be used only for extending village electrification (para 46).