

experienced implementation difficulties in the beginning because of cumbersome procedures and other issues. The financial situation of the Régies was difficult until 1991, but began to improve in 1992 with the water tariff increase of 10% in July 1992 and continued to improve in 1993, 1994 and 1995 through the further water tariff increase. The payment of the first tranche (33%) of the arrears (as of 12.31.92) of local communities (about DH 200 million). The payment of Government arrears (as of 12.31.92-DH576 million) to the Régies took place at the end of CY94, which further improved the financial situation of the Régies. Currently all major procurement has been completed and disbursements are improving. The signature of "protocoles d'accord" between Government and the Regies: RAD, RADEEF, RADEEM, RADEEMA, RAK and RED took place in December 1993; this was a loan effectiveness conditionality of the Fifth Water Supply project. The closing date was postponed to June 30, 1996.

Ln 2910-MOR Power Distribution Project: US\$90 Million
Loan of June 21, 1989; Effective Date: May 9, 1990; Closing Date: June 30, 1995; Implementing Agencies: Office National de l'Electricité and the Régies of Casablanca, Meknès, Kenitra et Fès. The project closed on June 30, 1995. An ICR is being prepared.

Ln.2984-MOR Second Small and Medium Scale Irrigation Project: US\$23 Million loan of January 27, 1989; Effective Date: June 16, 1989; Closing Date: December 31, 1996. Implementing Agencies: Directorate for Rural Engineering (DER): Ministry of Agriculture and Agrarian Reform (MARA). The Project finances four tranches for the rehabilitation of about 120 traditional SMSI schemes covering 32,000 ha. Tranche No. 1 comprises four schemes that were appraised; the remaining tranches will be identified, prepared and implemented during the Project. Seven irrigation repair brigades will also be equipped and vehicles and equipment provided for central and provincial engineering staff. Execution of the first tranche was essentially completed in December 1993. Construction of the second tranche schemes is underway as are third tranche studies. The project coordination unit is fully operational and a monitoring and evaluation system has been agreed upon. Forty-one water users associations have been established and agreements between the administration and the associations to operate the irrigation systems have been signed with 37 associations with beneficiaries contributing 10% to investment costs. The Project should be completed by mid-1996; an extension of the Loan closing date by 24 months has been done.