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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

KINGDOM OF MOROCCO

FOR THE

**RURAL DEVELOPMENT PROJECT
IN THE EASTERN MIDDLE ATLAS MOUNTAINS**

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CURRENCY EQUIVALENTS

| | | |
|---------------|---|-----------------------|
| Currency unit | = | Moroccan dirham (MAD) |
| USD 1.00 | = | MAD 8.9 |
| MAD 1.00 | = | USD 0.112 |

WEIGHTS AND MEASURES

| | | |
|----------------------------------|---|--------------------------------------|
| 1 kilogram (kg) | = | 2.204 pounds (lb) |
| 1 000 kg | = | 1 metric tonne (t) |
| 1 kilometre (km) | = | 0.62 miles (mi) |
| 1 metre (m) | = | 1.09 yards (yd) |
| 1 square metre (m ²) | = | 10.76 square feet (ft ²) |
| 1 acre (ac) | = | 0.405 hectare (ha) |
| 1 ha | = | 2.47 ac |

ABBREVIATIONS AND ACRONYMS

| | |
|-----|-------------------------------|
| DDP | <i>douar</i> development plan |
| M&E | monitoring and evaluation |
| PMU | project management unit |
| R&D | research and development |
| SWC | soil and water conservation |

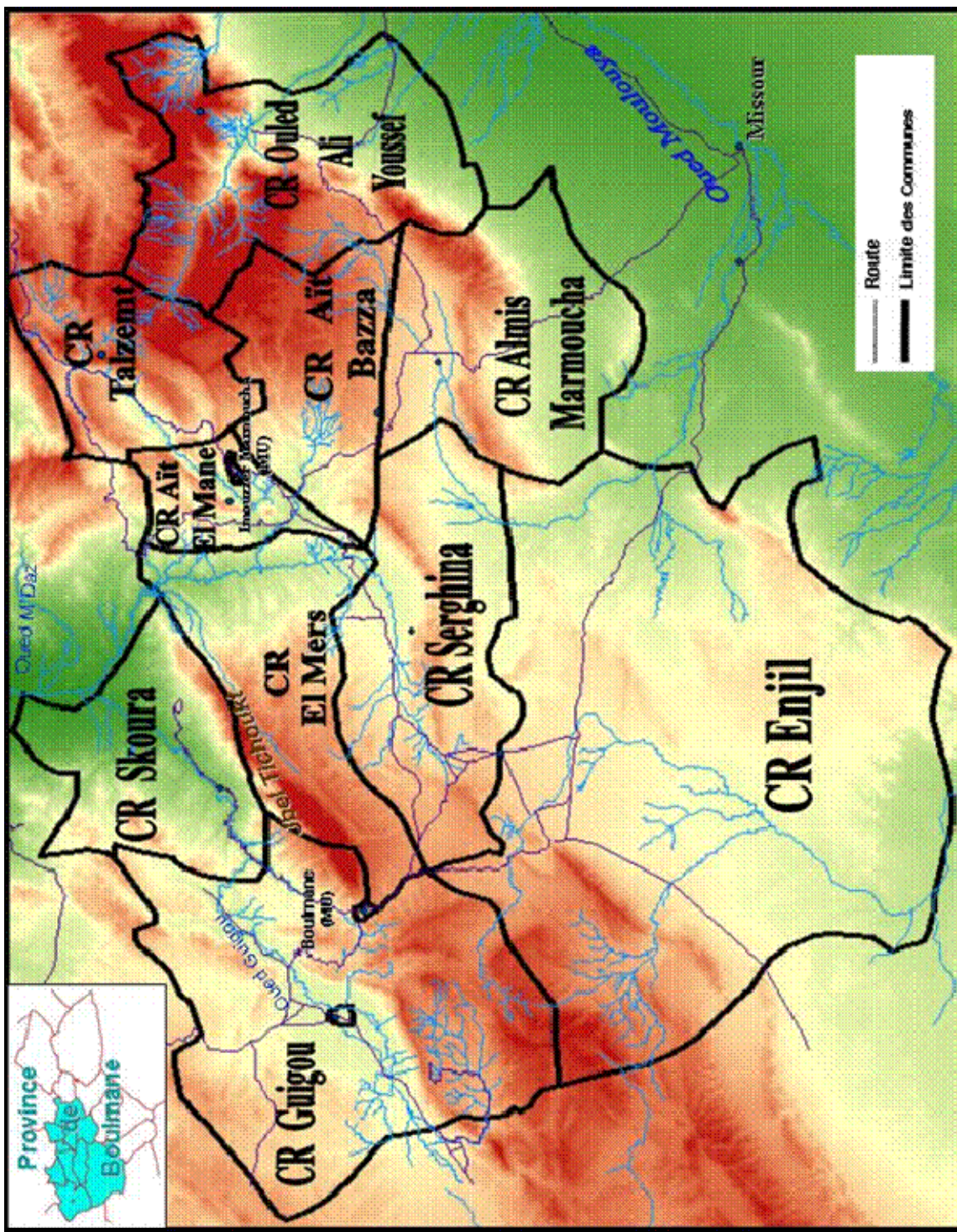
GLOSSARY

| | |
|------------------|---|
| <i>commune</i> | Basic politico-administrative division (beneath the province level) |
| <i>douar</i> | Basic socio-economic and territorial unit of social organization |
| <i>khettaras</i> | An underground irrigation system used in Morocco and consisting of a well or series of wells that are sunk and then connected through an underground gallery to provide water to lower-lying land |

GOVERNMENT OF THE KINGDOM OF MOROCCO
Fiscal Year

1 January – 31 December

MAP OF THE PROJECT AREA



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

KINGDOM OF MOROCCO**RURAL DEVELOPMENT PROJECT IN THE EASTERN MIDDLE ATLAS MOUNTAINS****LOAN SUMMARY**

| | |
|---------------------------------------|---|
| INITIATING INSTITUTION: | IFAD |
| BORROWER: | Kingdom of Morocco |
| EXECUTING AGENCY: | Ministry of Agriculture, Rural Development and Marine Fisheries |
| TOTAL PROJECT COST: | USD 34.4 million |
| AMOUNT OF IFAD LOAN: | SDR 11.25 million (equivalent to approximately USD 16.2 million) |
| TERMS OF IFAD LOAN: | 20 years, including a grace period of five years, with an interest rate of one half of the reference interest rate per annum, as determined by the Fund annually |
| CONTRIBUTION OF BORROWER: | USD 17.0 million |
| CONTRIBUTION OF BENEFICIARIES: | USD 1.2 million |
| APPRAISING INSTITUTION: | IFAD |
| COOPERATING INSTITUTION: | United Nations Office for Project Services |

PROJECT BRIEF

Who are the beneficiaries? The project will benefit, both directly and indirectly, the 75 250 rural residents of the project area. The direct beneficiaries will consist of over 14 700 poor households living on smallholdings from which they draw their income. The project will also target: (i) impoverished women heads of household to improve their living and working conditions; (ii) girls who possess vocational skills and wish to engage in off-farm income-generating activities; and (iii) young unemployed people interested in starting a microenterprise or acquiring training in agricultural and non-agricultural income-generating activities. Agricultural development activities will yield direct benefits for about 2 780 farms, or some 8 500 households, for a total of approximately 60 000 inhabitants. Financial services are expected to reach about 4 000 beneficiaries to develop income-generating activities, handicrafts and microenterprises that are usually engaged in by women and girls. Functional literacy will directly affect some 3 000 persons, including over 2 000 women and girls. A part of the target group will also benefit from better quality of life thanks to the actions to improve area access, drinking water supply and flood/erosion control.

Why are they poor? Poverty in the project area derives from inadequate socio-economic services, poor infrastructure, and limited income opportunities due to the mismanagement of land and water resources. Unemployment rates are high. About 85% of farming families have access to less than 10 hectares, with an agricultural production system based on rainfed cereal production and livestock. The principal constraints that beneficiaries face are derived from non-performing support services and the lack of rural financial infrastructure. Other major constraints include the deterioration of rural tracks, leading to limited accessibility and transfer of appropriate technological packages.

What will the project do for them? The project will be implemented over eight years and will focus on: (i) strengthening participatory programming and capacity-building of grass-roots organizations and local government through the promotion of pro-poor local institutions and the training of their staff and board members in participatory development; (ii) creating socio-economic and productive assets, which will involve rehabilitation of small-scale irrigation infrastructure; improved access and drinking water supply; soil and water conservation; and intensification and diversification of agricultural production through development of crop production and improved livestock productivity and husbandry; and (iii) supporting initiatives of rural populations that contribute to increasing and diversifying sources of income by providing sustainable access to local financial services, especially for women and unemployed youth, and by promoting rural microenterprises.

How will beneficiaries participate in the project? The project approach will be focused primarily on the participatory preparation of local development plans and on decision-making by local groups and organizations at the village level. The participation of rural communities will be enhanced in all phases of project development, from the analysis of the current situation to the choice and prioritization of development activities and the definition of management options. Three fundamental principles underlie this approach: consultation through outreach support, training and information; participation in the allocation of project resources; and enhancement of the beneficiary's role in implementation by supporting the emergence of collective economic interest groups that are autonomous and responsible for managing community initiatives. This process was already initiated during project design through a participatory rural appraisal undertaken during formulation to define the needs and priorities of the targeted population.

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
KINGDOM OF MOROCCO
FOR THE
RURAL DEVELOPMENT PROJECT
IN THE EASTERN MIDDLE ATLAS MOUNTAINS**

I submit the following report and recommendation on a proposed loan to the Kingdom of Morocco for SDR 11.25 million (equivalent to approximately USD 16.2 million) on intermediate terms to help finance the Rural Development Project in the Eastern Middle Atlas Mountains. The loan will have a term of 20 years, including a grace period of five years, with an interest rate of one half of the reference interest rate per annum as determined by the Fund annually. It will be administered by the United Nations Office for Project Services as IFAD's cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and Agricultural Sector

1. **Structure of the economy.** Morocco's GDP was estimated at USD 46.0 billion in 2003, giving a GDP per capita of about USD 1 450. Despite rapid industrialization and a manufacturing sector that attracts foreign investment, annual economic growth still depends largely on the performance of the agricultural sector. With agriculture providing a living for approximately 40% of the labour force, the sector also has an important effect on domestic demand. There is a large and well-developed service sector, dominated by commerce and tourism, which employs about 35% of the workforce. The export base is relatively broad. The country is the world's largest exporter of both raw and processed phosphates, and other major exports include textiles, clothing, shoes, fruit, vegetables, and fresh and canned fish. Food imports can be substantial, but fluctuate according to the size of annual national production.

2. **Economic performance.** Morocco's GDP has fluctuated significantly in recent years, influenced by the performance of the rainfed agricultural sector. Average real GDP growth in the period 1993-2003 was 3.2%, with almost three out of every five years struck by drought. In 1996, growth soared to a record of more than 11% due to a bumper cereal crop, but decreased again by about 2% in 1997 and by 5.8% in 2003.

3. **Agricultural sector.** Some 8.6 million ha of Morocco's total territory (12%) are cultivated each year. Roughly 16% of the cultivated areas are irrigated, about half with modern equipment. Forests cover some 9 million ha (or 13% of the total) and rangelands about 53 million ha (75%). About one third of the rangelands are said to suffer from overgrazing. Due to the semi-arid climate, agricultural production depends largely on unreliable rainfall. Rainfed agriculture covers almost 85% of the cultivated area. In addition, high population growth over past decades has led to reduction of farm sizes and extension of the agricultural frontier into forests and rangelands that are often unsuitable for crop production and prone to erosion and soil degradation.

¹ See Appendix I for additional information.

4. **Agricultural production.** The prevailing farming systems are varied, ranging from subsistence farming to market-oriented production. However, only a limited part of the agricultural land is used to its full potential, and many options are available to increase agricultural productivity. Cereals, which are grown on 68% of the cultivated area (mainly under rainfed conditions), have a predominant influence on agricultural performance. Production fluctuates, depending on rainfall, from almost 10 million tonnes to less than 2 million, for an average of about 6 million tonnes. The irrigated sector produces export crops such as citrus fruits, tomatoes, early potatoes and table olives.

5. **Agriculture and rural development.** Morocco's rural areas are characterized by poor socio-economic infrastructure, low levels of education, inadequate support services and an ageing farm population. Farmers are little equipped to face the challenges of an economy that is opening up to free market competition. The major causes of underproductivity in the agricultural sector are: (i) degradation of natural resources; (ii) rural poverty; (iii) weak social infrastructure; (iv) limited involvement of the rural population, especially women, in the development process; (v) inadequate distribution of public-sector human and financial resources; and (vi) the non-adaptability of rural financial services to meet the needs of small farmers and the rural poor. Natural resources are affected by increasing degradation. Apart from the broad alluvial plains, most of Morocco's soils are fragile and subject to erosion. It is estimated that 35% of the rural population live in areas of serious degradation, i.e. in forest and mountain areas and on rangelands.

B. Lessons Learned from Previous IFAD Experience

6. With the exception of the very first operation, all IFAD-financed projects in Morocco have involved local-area development operations – addressing the most serious constraints on crop and livestock production systems, natural resources management, credit delivery and irrigation. Social infrastructure, including rural roads, water supply and human health, was an important component of these projects, which achieved good results in physical terms and generally met targets set at appraisal. A number of institutional constraints were encountered during implementation, and coordination among implementing line agencies proved difficult. Recently developed and future projects will focus on creating and supporting sustainable grass-roots organizations that will gradually assume responsibility for linking local development with the existing institutional framework. Experience has shown that, in community-based development projects many activities – such as rangeland improvement and small-scale irrigation development – by their very nature cannot be restricted to a target group defined by income level, food security, farm size or livestock numbers. Under such conditions, targeting will be done at three levels. Projects will focus on the poorer areas within specific zones. Within these areas, the focus will be on the poorer communities. Further, project activities will be designed to favour the poorest within these communities. A major issue encountered by projects is the sustainability of project activities after loan closing. Sustainability will be improved by: (i) linkage of representative local institutions with local socio-political structures; (ii) contractual arrangements with the population concerned that cover post-project operation and maintenance costs of investments; and (iii) the creation of viable rural financial services accessible to IFAD's target groups.

C. IFAD's Strategy for Collaboration with Morocco

7. **Morocco's policy for poverty eradication.** The Government's social development programme operates on four fronts: education, health, rural development, and mechanisms to improve flexibility in the mainly urban labour market while strengthening the social safety net. With regard to rural development, the Government has developed a long-term agricultural and rural development strategy through the year 2020. This strategy is largely compatible with the Fund's own strategy because it relies on the initiative of rural populations and on an approach based on participation, responsibility and partnership with the main actors in rural areas. It furthermore aims at integrating activities locally in various sectors or subsectors through decentralization. The strategy is operationalized through five-

year plans. In May 2005, Morocco launched its National Initiative for Human Development, which constitutes a new and innovative programme targeting the poorest and most marginalized rural and peri-urban communities in the country based on a poverty map defined on the basis of recent data collected in 2004.

8. **IFAD's strategy in Morocco.** Inasmuch as it is related to poor resource endowment in rainfed and mountainous areas, poverty in Morocco varies from region to region. IFAD's specific target groups are small and marginal farmers and artisanal fishers, the landless, wage earners, unemployed youth, and rural women. The key elements of IFAD's strategy in Morocco, as outlined in the country strategic opportunities paper (COSOP), consist of contributing to the Government's efforts to: (i) focus on community-driven rural development needs rather than on commodity-specific agricultural development; (ii) promote food security at the national and household levels through diversification of production by supporting commodities with a comparative advantage on national and international markets; (iii) further consolidation and strengthening of devolved, decentralized planning and implementation through support for the creation and strengthening of local institutions and grass-roots organizations, together with devolution of human and financial resources from the centre to the regions; and (iv) improve access of rural poor households to productive resources, including land, water, technological know-how and financial services. IFAD assistance will target mountainous areas, low-potential rangelands and low-potential rainfed areas of the arid south. Participation, with a focus on gender, is a core element of this strategy.

9. **Project rationale.** The project is compatible with the rural poverty reduction policies of IFAD in the Near East and North Africa region which focus on smallholders, unemployed young people and rural women, and it is aligned with the country's Rural Development Strategy for the year 2020, which includes local rural development as one of its pillars. The proposed project targets scattered or remote rural communities, and falls within the framework of the Government's Programme for the Development of Rainfed Areas, designed to involve rural communities and ensure participation by all stakeholders in the programming and implementation of local development plans. The goal is to foster development in mountain regions having a high incidence of poverty. The project will help to test and validate various modalities and approaches for subsequent scaling-up and replication in other mountainous areas of the country. As such, it will serve as a platform for continuing policy dialogue with the Government on various issues of relevance to the rural poor, including the decentralization of decision-making, the creation of pro-poor local institutions, and access for the rural poor to resources such as land, water and financial services.

PART II – THE PROJECT

A. Project Area and Target Group

10. **Project area.** The project area is located in the eastern part of the Middle Atlas Mountains and covers 12 *communes* in the north of the Boulemane Province with a total surface of 528 000 ha. Its population of 75 250 inhabitants is divided among 14 743 households. The *douar* (village) is the basic socio-economic and territorial unit of social organization in the project area, which covers 205 *douars*. The *douar* plays a relatively important role in shared management of resources and in the organization of activities that are in the collective interest. It will also be the project's key interlocutor during the preparation and implementation of the community development plans.

11. **Target groups.** The project will target poor residents of rural areas, with special emphasis on the most disadvantaged groups (small farmers, women, young people, especially the unemployed and the landless), particularly those living in very remote areas. Small farmers represent 85% of the total and work very small plots with low levels of productivity subject to climatic fluctuations. Women present high levels of illiteracy and have limited access to credit and technical support; many are heads of household according to the participatory rural appraisal undertaken during formulation. In

addition, many women are engaged in a variety of handicrafts that constitute their only source of income outside raising small animals. Unemployed young people are another important target group that will benefit directly from project activities. The project will have a direct impact on three out of every four *douars*, for a total of 150 *douars* or 10 000 households (50 000 area residents).

12. **Constraints.** The mountain ecosystem of the project area is for the most part very vulnerable. Steep slopes combined with sensitive substrata and shrinking plant cover (as the result of overgrazing, land-clearing and harvesting for fuel) create favourable conditions for water erosion. Such a situation engenders a high risk of destructive flooding during violent rains as well as overflows of downstream retention structures. Other natural constraints (low winter temperatures, irregular rainfall, spring freezes) compound the hazards affecting agricultural production under essentially extensive production systems. Moreover, in addition to the isolated location of some *douars*, the project area suffers from inaccessibility, very limited extension services, and weak research and development findings on mountain agriculture and its silvopastoral systems.

13. **Opportunities.** Despite the numerous constraints mentioned above, the area holds significant potential including: (i) enhanced crop production with better mobilization of water, irrigation techniques and diversification with the introduction of fruit-trees, vegetables, grain legumes and forage crops through applied research and extension; (ii) improved livestock production through better feed management (increased production of forage, improved silvopastoral management, fattening); (iii) improved honey production; (iv) harnessing of natural assets and attractions with the promotion of recreational activities and ecotourism; (v) improved design and enhanced value of handicrafts, especially wool-based products; and (vi) higher added value for aromatic and medicinal herbs. Other advantages of the area are the population's attachment to the land, their solid experience with pastoral livestock systems, the recent opening up to fruit-trees and vegetable production, and the significant number of young people interested in engaging in farming and non-farming activities.

B. Objectives and Scope

14. **Justification.** The project area lies in one of Morocco's poorest regions, as identified by the Population and Housing Census and the National Survey of Household Standard of Living of 1998-99. According to the *Commune Poverty Map*,² the Fez-Boulemane Region has a poverty rate of 27.2% (the highest for all regions of Morocco) and a high rural poverty rate of 30%, compared with 22.9% for the country as a whole. The overall vulnerability rate stands at 50.9%, with that figure rising to 59.9% in the rural milieu. At the provincial level, the World Bank ranks the Province of Boulemane, where the project area is located, among the poorest provinces of the country, placing it 43rd among the 50 rural provinces.³ The project area includes some of the province's poorest *communes*, namely Serghina and Ouled Ali Youssef, which are the poorest ones in Boulemane, with poverty rates of 44.9% and 37.5% respectively.

15. **Project approach.** The approach will focus primarily on the involvement and active participation of the beneficiaries, beginning with participatory formulation of *douar* development plans (DDPs) and continuing up through the programming and implementation of activities. The project will support community organization through outreach support, training and information. It will also foster a sense of community in mountain villages, supporting the emergence of collective economic interest groups that are autonomous and responsible for managing community initiatives. Priority will be given to meeting the immediate needs of the target group.

16. **Project strategy.** The project would use a participatory process for the preparation of eight-year development plans for each targeted *douar*. Each pluriannual DDP will be implemented

² High Commissioner's Office for Planning, *Commune Poverty Map*, June 2004.

³ World Bank, Kingdom of Morocco, Report on Poverty, September 2004.

through annual programmes on a contractual basis. The project will assist beneficiaries in preparing their DDPs, which are to capture various development activities such as improved natural resource management, mobilization and rational use of water, improvement of agricultural production techniques, soil and water conservation, rehabilitation of rural tracks, access to local rural financial services, promotion of microenterprise, and other development activities (e.g. housing, electrification, literacy training). Once the DDP has been validated at the grass-roots level and consolidated at the *commune* level, it will be submitted for approval at the provincial level. Each DDP will be implemented through annual performance contracts with the concerned village. For each DDP, financing will be mobilized through project funds and the various national sectoral development programmes, in accordance with applicable procedures.

17. **Objectives.** The general objective of the project is to help reduce rural poverty through the diversification and sustainable growth of the incomes of rural populations targeted with improved management of the natural resources that constitute the basis of their livelihood. The specific objective will be to strengthen the capacity of target groups to engage in participative community management of a sustainable rural development process that will increase, diversify and secure income.

C. Components

18. To achieve these objectives, the project would be implemented over an eight-year period and have the following five components: (i) local capacity-building; (ii) natural resource management and socio-economic infrastructure; (iii) intensification and diversification of agricultural production; (iv) support for rural financial services and microenterprise development; and (v) project organization and management.

19. **Local capacity-building.** This component will seek to strengthen the capacity of target communities to plan and programme activities and sustainable management of rural development. It will foster the development of local initiatives by enhancing beneficiaries' organization and management capacity and their involvement in the design, implementation, monitoring and evaluation of DDPs through awareness-building, targeted training activities, functional literacy (for women in particular) and the dissemination of information. The component will be implemented with support from technical assistance and five teams of community development agents and engineers who will receive previous training in the participatory approach and local planning techniques.

20. **Natural resource management and socio-economic infrastructure.** This component is aimed at the preservation and sustainable management of the area's main natural resources (water and soil) and improving the living conditions of the local population through the following three subcomponents: (a) rehabilitation of small- and medium-scale irrigation infrastructure; (b) soil and water conservation; and (c) improved access and drinking water supply.

- (a) **Rehabilitation of small- and medium-scale irrigation infrastructure.** Through the rehabilitation of existing irrigation schemes, the objectives of this subcomponent are to increase the volume of water available and reduce water losses. Activities will include: (i) building or rehabilitating 19 derivation gates on wadis; (ii) rehabilitating three springs and a *khattaras*;⁴ and (iii) lining 106 km of irrigation canals. For this work to be included in the DDPs, beneficiaries would have to commit to maintaining these works by setting up users groups. The project will lend institutional support to the Infrastructure Maintenance Unit of the Provincial Directorate of Agriculture for implementation of this subcomponent.

⁴ An underground irrigation system used in Morocco and consisting of a well or series of wells that are sunk and then connected through an underground gallery to provide water to lower-lying land.

- (b) **Soil and water conservation.** This subcomponent will create conditions for improved management of farmland and rangelands with a view to restoring their agricultural and hydrological capacity by adopting techniques to control and harvest run-off water and sediment to the benefit of non-irrigated farmland and rangelands and to ensure downstream protection of infrastructure. To achieve these objectives, the project will finance five main types of soil and water conservation (SWC) works within the framework of each DDP: (i) mechanical terracing measures for new fruit-tree plantations on slopes; (ii) derocking combined with terracing of 1 500 ha of slopes; (iii) mechanical correction of gulleys; (iv) stabilization of river banks by gabion-type structures to protect irrigated farmland and *douars* at risk from flooding; and (v) pilot installation of underground reservoirs to capture run-off water. The project would also support training and applied research in SWC techniques and their monitoring and evaluation for results and impact, as well as the institutional strengthening of the provincial Water and Forestry Resources Unit, which will be responsible for the implementation of the subcomponent.
- (c) **Improved access and drinking water supply.** This subcomponent is aimed at improving access for isolated rural communities to irrigated plots and grazing areas. Activities to ensure drinking water supply will target mainly those *douars* that will not be reached by the national network due to their isolation. The tracks to be rehabilitated will be decided on the basis of three criteria: (i) the level of poverty of the *commune* according to the 2004 *Commune* Poverty Map; (ii) the degree of isolation of the *douar*; and (iii) the willingness and commitment of future users to work with the *communes* to ensure maintenance activities. A pilot initiative is included to provide training in rural track maintenance to administrative staff of *communes*.

21. **Intensification and diversification of agricultural production.** This component is divided into two subcomponents (whose specific objectives are described below): (a) development of crop production, and (b) rangeland improvement and development of livestock production.

- (a) **Development of crop production.** This subcomponent will seek to increase farmers' income through the diversification and intensification of crop production and by alleviating pressure on the natural resources of this fragile ecosystem. These objectives would be attained through the following activities: (i) promotion of tree crops, introduction of forage crops and grain legumes, and increase of the area used for vegetable production; (ii) training and study tours for farmers and their children as well as for technical and other staff of the Provincial Directorate of Agriculture and its local offices (*Centres de travaux*); (iii) research and development (R&D) activities and demonstrations to promote the diversification of production systems; and (iv) reinforcement of extension services. An agreement with a research or higher learning centre to conduct R&D, demonstrations and advisory support on themes identified by farmers during preparation of the DDPs is envisaged.
- (b) **Rangeland improvement and development of livestock production.** The objectives of this subcomponent are: (i) improved animal husbandry; (ii) sustainable management of rangeland; and (iii) support for diversification of income-generating activities in animal production and natural products. The following actions are planned to promote sustainable management of rangeland resources: (i) rangeland rehabilitation through participatory rotational resting/grazing; (ii) planting of forage shrubs to rehabilitate severely degraded rangelands; and (iii) intercropping of forage shrubs with rainfed cereals on a pilot basis. The planned actions for the development of livestock production are: (i) setting up water points for animals; (ii) support for the construction of six snow shelters on rangelands to provide protection during winter; (iii) promotion of micro-activities in animal production and natural products to generate revenue for the

target groups, especially small farmers, women and young people; and (iv) the strengthening of animal health.

22. **Support for rural financial services and microenterprise development.** The limited diversification of farm and off-farm activities in project households, the high unemployment among young people and the poor performance of associations and cooperatives all bear witness to the scarcity of rural financial services available in the area and to the weakness of business counselling services for setting up and running microenterprises. The objectives of this component are to enhance the accessibility of rural financial services for the target group and to promote a fabric of agricultural and non-agricultural income-generating activities and microenterprises that will help to diversify and improve their incomes. The activities under each subcomponent would be as follows:

- (a) **Support for rural financial services:** (i) promotion of microcredit in the project area through support provided to one or more microcredit associations that will extend its (their) outreach in the project area and conduct a market assessment of credit needs; and (ii) scaling-up of the supply of rural financial products by assisting one or more microcredit associations in developing new financial products.
- (b) **Microenterprise development:** (i) promotion of women's entrepreneurship skills through training and counselling; (ii) support for the development of income-generating activities and microenterprises with the related business counselling services; (iii) promotion of rural tourism; and (iv) enhancement of microentrepreneurs' forward and backward market linkages.

23. **Project organization and management.** The project will be under the responsibility of the Ministry of Agriculture, Rural Development and Marine Fisheries as the lead agency, represented by the Directorate of Land Reclamation. The Director of the Boulemane Provincial Directorate of Agriculture, in his capacity as project manager, will be responsible for managing all project activities. To discharge these responsibilities, he will be assisted by a project monitoring and evaluation unit and a project management unit, made up of six subject-matter specialists and managed by an experienced coordinator reporting to him directly, plus five male and five female community development agents. The project will finance the purchase of vehicles, office equipment and supplies, rehabilitation of office space, training and study tours, monitoring and evaluation activities, and project impact studies.

D. Costs and Financing

24. **Costs.** The total cost of the project over an eight-year period, including physical and price contingencies, is estimated at 306.1 million Moroccan dirhams (USD 34.4 million). The foreign exchange amount is estimated at USD 8.3 million (24% of the total cost). The local costs (net of taxes) would be USD 21.4 million (62% of the total cost), and customs duties and taxes would represent the equivalent of USD 4.7 million (14% of the total cost). The costs by component are summarized in Table 1.

25. **Financing.** It is proposed that the project costs be financed through an IFAD loan in the amount of approximately USD 16.2 million, representing 47.1% of total costs. The contribution of the Government would be equivalent to USD 17 million (49.3% of the total), and the beneficiaries' contribution would total around USD 1.2 million (3.6% of the total cost). The financing plan is presented in Table 2 below.

TABLE 1: SUMMARY OF PROJECT COSTS^a
(USD '000)

| Components | Local | Foreign | Total | % of Foreign Exchange | % of Base Costs |
|--|---------------|----------------|---------------|------------------------------|------------------------|
| A. Local capacity-building | 1 341 | 454 | 1 795 | 25 | 6 |
| B. Natural resource management and socio-economic infrastructure | | | | | |
| 1. Rehabilitation of small- and medium-scale irrigation infrastructure | 5 181 | 1 263 | 6 444 | 20 | 21 |
| 2. Soil and water conservation | 3 792 | 933 | 4 725 | 20 | 16 |
| 3. Improved access and drinking water supply | 4 341 | 1 136 | 5 478 | 21 | 18 |
| Subtotal | 13 315 | 3 332 | 16 647 | 20 | 55 |
| C. Intensification and diversification of agricultural production | | | | | |
| 1. Development of crop production | 2 010 | 996 | 3 006 | 33 | 10 |
| 2. Rangeland improvement and development of livestock production | 3 667 | 1 866 | 5 532 | 34 | 18 |
| Subtotal | 5 677 | 2 862 | 8 539 | 34 | 28 |
| D. Support for rural financial services and microenterprise development | 1 293 | 355 | 1 648 | 22 | 5 |
| E. Project organization and management | 1 115 | 365 | 1 480 | 25 | 5 |
| Total base costs | 22 740 | 7 369 | 30 109 | 24 | 100 |
| Physical contingencies | 1 383 | 354 | 1 738 | 20 | 6 |
| Price contingencies | 1 961 | 591 | 2 552 | 23 | 8 |
| Total project costs | 26 084 | 8 314 | 34 399 | 24 | 114 |

^a Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN^a
(USD '000)

| Components | IFAD | | Government | | Beneficiaries | | Total | | Foreign Exchange | Local (Excl. Taxes) | Duties and Taxes |
|--|---------------|-------------|---------------|-------------|---------------|------------|---------------|--------------|------------------|---------------------|------------------|
| | Amt. | % | Amt. | % | Amt. | % | Amt. | % | | | |
| A. Local capacity-building | 1 231 | 63.6 | 704 | 36.4 | - | - | 1 935 | 5.6 | 484 | 1 200 | 251 |
| B. Natural resources management and socio-economic infrastructure | | | | | | | | | | | |
| 1. Rehabilitation of small- and medium-scale irrigation infrastructure | 6 217 | 81.3 | 968 | 12.7 | 459 | 6.0 | 7 645 | 22.2 | 1 502 | 5 175 | 968 |
| 2. Soil and water conservation | - | - | 5 438 | 96.2 | 216 | 3.8 | 5 654 | 16.4 | 1 117 | 3 841 | 696 |
| 3. Improved access and drinking water supply | - | - | 6 347 | 97.2 | 49 | 0.8 | 6 396 | 18.6 | 1 322 | 4 251 | 824 |
| Subtotal | 6 217 | 31.6 | 12 753 | 64.7 | 724 | 3.7 | 19 695 | 57.3 | 3 940 | 13 267 | 2 488 |
| C. Intensification and diversification of agricultural production | | | | | | | | | | | |
| 1. Development of crop production | 2 036 | 62.4 | 1 047 | 32.1 | 177 | 5.4 | 3 261 | 9.5 | 1 078 | 1 669 | 513 |
| 2. Rangeland improvement and development of livestock production | 4 433 | 72.3 | 1 380 | 22.5 | 320 | 5.2 | 6 133 | 17.8 | 2 041 | 3 149 | 943 |
| Subtotal | 6 469 | 68.9 | 2 427 | 25.8 | 497 | 5.3 | 9 393 | 27.3 | 3 119 | 4 819 | 1 456 |
| D. Support for rural financial services and microenterprise development | 1 551 | 87.5 | 221 | 12.5 | - | - | 1 772 | 5.2 | 380 | 1 171 | 221 |
| E. Project organization and management | 737 | 46.0 | 866 | 54.0 | - | - | 1 603 | 4.7 | 391 | 965 | 247 |
| Total project costs | 16 206 | 47.1 | 16 971 | 49.3 | 1 221 | 3.6 | 34 399 | 100.0 | 8 314 | 21 422 | 4 662 |

^a Discrepancies in totals are due to rounding.

E. Procurement, Disbursement, Accounts and Audit

26. **Procurement.** IFAD-financed procurement of goods and civil works and services will be undertaken in accordance with Government procedures to the extent that these are consistent with IFAD's Procurement Guidelines. Contracts estimated to cost the equivalent of USD 22 000 (approximately MAD 200 000) or more will be awarded on the basis of local competitive bidding. Prudent shopping procedures on the basis of at least three quotations will apply to all contracts with an estimated cost below USD 22 000 equivalent. For the support to livestock groups and for some of the beneficiary training activities, direct contracting of specialized institutions in livestock development, agricultural training and R&D on terms and conditions acceptable to IFAD may be used.

27. **Disbursement.** The loan will disburse over an eight-year period. Withdrawals from the loan account may be made against certified statements of expenditure in respect of eligible expenditures and in amounts as designated by IFAD. The relevant documentation justifying such expenditures will be retained by the project and made available for inspection by supervision missions and external auditors. All other withdrawals from the loan account will be made on the basis of full supporting documentation. The Government will open a special account in Moroccan dirhams with the National Treasury of Morocco in the name of the project. Upon loan effectiveness and at the borrower's request, IFAD will make an initial deposit of up to MAD 10.0 million in the special account. The special account will be used to finance IFAD's share of eligible expenditures and replenished in accordance with established IFAD procedures.

28. **Accounts and audit.** The Boulemane Provincial Directorate for Agriculture will maintain separate accounts and financial records relating to project activities in accordance with Government practices and with procedures acceptable to IFAD. Project accounts will be audited on an annual basis by the General Inspectorate of Finance. Certified audit reports, which will include a statement of the adequacy of the executing agency's accounting systems and internal controls as well as a separate opinion regarding statements of expenditure and the special account, will be transmitted to IFAD and the cooperating institution not later than six months after the end of each fiscal year.

F. Organization and Management⁵

29. The project will be under the general responsibility of the Directorate of Land Reclamation at the Ministry of Agriculture, Rural Development and Marine Fisheries. A national steering committee, headed by the Secretary-General of the Ministry and composed of other relevant ministries and line agencies (i.e. Ministry of the Interior, High Commissariat for Water and Forestry and for Combating Desertification, and Ministry of Finance, among others), will approve the annual work programmes and budgets.

30. Project implementation at the field level will be under the responsibility of the project director, who will operate through a project management unit (PMU). The PMU will be in charge of coordinating, planning and programming project activities, which will be implemented through the Provincial Directorate for Agriculture and its local offices, the Regional Directorate for Water and Forestry, other line agencies, NGOs and the private sector, according to the competencies and expertise required.

31. The PMU will be responsible for overall management of project activities, and specifically for: (i) mobilization, training and coordination of the technical and administrative staff involved in project activities; (ii) preparation of annual work programmes and budgets; (iii) procurement and contracts with other public and private operators; and (iv) preparation of activity reports for submission to the

⁵ The organizational chart of the project is presented in Appendix IV.

various actors concerned. Procurement, contract management, accounting, financial management and reporting will be handled by the Provincial Directorate for Agriculture's Administrative Service as part of its regular mandate, with support from an assistant accountant who will monitor the project's financial records.

32. **Monitoring and evaluation (M&E).** The M&E system will be expected to provide the Moroccan authorities, IFAD and all project partners with the elements needed to carry out periodic assessments of results by comparing them with initial objectives. This M&E function will be carried out in close collaboration with the cooperatives and community groups concerned. The logical framework will provide the basis for developing the M&E system. The PMU will be in charge of monitoring activities and drawing up regular progress reports that include indicators of the Results and Impact Management System (RIMS). Impact of the project will also be evaluated against the strategic and specific objectives presented in the logical framework. Project monitoring and evaluation will be the responsibility of an M&E unit to be set up within the Provincial Directorate for Agriculture.

G. Economic Justification⁶

33. The economic analysis was conducted for a 25-year period. The benefits considered in the analysis are the quantifiable ones represented by the incremental production expected from diversified and improved crop and livestock production systems and the net benefits derived from income-generating activities and microenterprises. The environmental benefits, those linked to investment in human resources, and improvement in socio-economic infrastructure have not been quantified. The analysis showed that the project's internal economic rate of return (IERR) will be 14.5%. If microenterprise-related benefits are excluded, the IERR drops to 11.1%. The sensitivity analysis indicates that the IERR is fairly robust against variations in costs and benefits.

H. Risks

34. The main potential risk to the project outcomes relates to the vacuum created by the departure of experienced staff under the ongoing voluntary retirement plan and the insufficient development of skills in applying the participatory approach. This could limit the ability of community development agents to establish a dialogue of mutual trust and commitment among beneficiaries, project staff and the various technical services involved in project implementation. To mitigate this risk, the project will promote outreach activities, especially information, communication and awareness-raising, and will provide appropriate training to qualified staff to be redeployed to the project area by the Ministry and the Regional Directorate for Water and Forestry. The improved management of natural resources through project activities – including soil and water conservation and rational management of rangelands in a collective manner – will reduce the risk of drought and its impact on the various production systems proposed. Another project risk is linked to delays in budget allocations as they may hamper timely implementation of project activities. The timely transfer of adequate financial resources to implementing agencies should allow the project to maintain a normal implementation rate. This risk will be minimized through the establishment and operation of national and provincial steering committees.

I. Environmental Impact

35. The project is classified as Category B. The expected impact is positive overall, bearing in mind the project's strong orientation towards consensus-based, rational management of natural resources. The project approach and strategy will promote a process of community development that integrates natural resources as assets for sustainable economic development. The main impact in terms of natural

⁶ See Appendix V.

resource conservation is expected from such actions as flood/erosion control and land reclamation, the development of fruit-tree growing on fragile soils in particular, rest-rotation grazing of rangelands, forage planting and forest rehabilitation. These actions should contribute to a rapid regeneration of quality plant cover, improved hydric balance of the soil, and lower soil erosion and risk of devastating floods. With regard to farming practices, the project does not recommend the use of selective herbicides that could lead to reduced plant cover. As for tracks under the improved area access subcomponent, the negative impact that could be produced by the expansion of traffic and economic activity is weak, since the paths that the project proposes to rehabilitate and upgrade already exist.

J. Innovative Features

36. The project has three innovative features in the context of the mountain zones of Morocco. It will contribute to the operationalization of the national strategy for the development of mountain zones. It will also develop a local rural financial infrastructure for the delivery of credit, which is presently precarious, and will promote the development of new financial and non-financial products adapted to the needs of IFAD's target groups. Lastly, the project will also support local initiatives linked to the development of ecotourism to capitalize on the appeal of the scenic topography in the project area.

PART III – LEGAL INSTRUMENTS AND AUTHORITY

37. A loan agreement between the Kingdom of Morocco and IFAD will constitute the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

38. The Kingdom of Morocco is empowered under its laws to borrow from IFAD.

39. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV – RECOMMENDATION

40. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Kingdom of Morocco in various currencies in an amount equivalent to eleven million two hundred and fifty thousand special drawing rights (SDR 11 250 000) to mature on or prior to 1 March 2026 and to bear an interest rate of one half of the reference interest rate per annum as determined by the Fund annually, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

**SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES
INCLUDED IN THE NEGOTIATED LOAN AGREEMENT**

(Negotiations concluded on 30 November 2005)

1. The Government of Morocco (the “Government”) will assign to the Ministry of Agriculture, Rural Development and Maritime Fisheries (the “lead project agency”) – during the project implementation period – the budgetary credits necessary to implement the project within the loan amount, in accordance with the provisions of the respective annual work programmes and budgets (AWP/Bs) and customary national procedures.
2. The Government will also make available to the lead project agency during the project implementation period, as the counterpart contribution, own resources in order to carry out the project, in accordance with its customary national procedures. This contribution will represent in particular all duties, levies and taxes on goods and services, Government-financed project costs and project operating costs. To this end, the lead project agency will make budget allocations each fiscal year equal to the amount of the counterpart funds as set forth in the respective AWP/B.
3. The Government undertakes to ensure that all agreements necessary for implementation of the project are signed, subject to prior IFAD approval, within the six months following the effectiveness date.
4. The Government will ensure that the five extension teams – each made up of one male extension agent, one female extension agent and one engineer – are in place at the PMU within the three months following the effectiveness date.
5. The Government will cover all duties, levies and taxes on goods and services necessary for the project. The aggregate amount of these taxes is considered to form part of the contribution that the Government is to provide.
6. The project will define a monitoring and evaluation (M&E) system that will include inter alia: performance indicators for the project, indicators of physical and financial outcomes, and indicators of IFAD’s Results and Impact Management System.
7. As part of maintaining sound environmental practices, the Government will ensure that appropriate pest management practices are observed under the project. To that end, the Government will ensure that pesticides procured under the project do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Health Organization’s Recommended Classification of Pesticides by Hazard and Guidelines to Classification 1996-1997, as amended from time to time.
8. The Government will ensure that project personnel are insured against health and accident risks in accordance with customary practice in Morocco.
9. Personnel will be managed in accordance with applicable procedures in force in Morocco. Project personnel will undergo performance evaluations, and their contracts or their redeployment may be terminated on the basis of the findings of such evaluations and in consultation with IFAD. Support staff and the extension teams will be recruited in consultation with IFAD. The engineers needed for the extension teams will be seconded for the duration of the project before the start-up of the basic training in the participatory approach in which they are to take part.

10. No discrimination based on sex, age, ethnic background or religious affiliation will be permitted in the recruitment of project personnel, in accordance with applicable legislation of Morocco. However, all other things being equal, the Government will give preference to women candidates, especially to fill technical posts under the project.

11. The following are specified as conditions precedent to effectiveness:

- (a) the project management structure has been set up within the Boulemane Provincial Directorate of Agriculture, and the director, accounting assistant and M&E officer have been appointed in consultation with IFAD;
- (b) the PMU has been set up within the Boulemane Provincial Directorate of Agriculture, and – in consultation with IFAD – a coordinator, a rangelands engineering expert, an agronomist, a rural civil engineering expert, a forestry engineer, a rural sociologist and an expert in microfinance and microenterprise have been appointed; and
- (c) the loan agreement has been duly signed and a legal opinion, issued by the *Secrétaire général du Gouvernement*, acceptable in form and substance, has been forwarded by the Government to IFAD.

APPENDIX I

COUNTRY DATA

MOROCCO

| | | | |
|--|--------|---|---------|
| Land area (km² thousand) 2003 1/ | 446 | GNI per capita (USD) 2003 1/ | 1 310 |
| Total population (million) 2003 1/ | 30.11 | GDP per capita growth (annual %) 2003 1/ | 3.6 |
| Population density (people per km²) 2003 1/ | 68 | Inflation, consumer prices (annual %) 2003 1/ | 1 |
| Local currency Moroccan Dirham (MAD) | | Exchange rate: USD 1 = | MAD 8.9 |
| Social Indicators | | Economic Indicators | |
| Population (average annual population growth rate) 1997-2003 1/ | 1.6 | GDP (USD million) 2003 1/ | 43 727 |
| Crude birth rate (per thousand people) 2003 1/ | 22 a/ | Average annual rate of growth of GDP 2/ 1983-1993 | 3.8 |
| Crude death rate (per thousand people) 2003 1/ | 6 a/ | 1993-2003 | 3.2 |
| Infant mortality rate (per thousand live births) 2003 1/ | 36 | Sectoral distribution of GDP 2003 1/ | |
| Life expectancy at birth (years) 2003 1/ | 69 | % agriculture | 17 |
| Number of rural poor (million) (approximate) 1/ | n/a | % industry | 30 |
| Poor as % of total rural population 1/ | n/a | % manufacturing | 17 |
| Total labour force (million) 2003 1/ | 12.17 | % services | 53 |
| Female labour force as % of total 2003 1/ | 35 | Consumption 2003 1/ | |
| Education | | General government final consumption expenditure (as % of GDP) | 21 |
| School enrolment, primary (% gross) 2003 1/ | 110 a/ | Household final consumption expenditure, etc. (as % of GDP) | 59 |
| Adult illiteracy rate (% age 15 and above) 2003 1/ | 51 a/ | Gross domestic savings (as % of GDP) | 20 |
| Nutrition | | Balance of Payments (USD million) | |
| Daily calorie supply per capita | n/a | Merchandise exports 2003 1/ | 8 729 |
| Malnutrition prevalence, height for age (% of children under 5) 2003 2/ | 24 a/ | Merchandise imports 2003 1/ | 14 150 |
| Malnutrition prevalence, weight for age (% of children under 5) 2003 2/ | 9 a/ | Balance of merchandise trade | -5 421 |
| Health | | Current account balances (USD million) | |
| Health expenditure, total (as % of GDP) 2003 1/ | 5 a/ | before official transfers 2003 1/ | -2 662 |
| Physicians (per thousand people) 2003 1/ | 1 a/ | after official transfers 2003 1/ | 1 582 |
| Population using improved water sources (%) 2000 2/ | 80 | Foreign direct investment, net 2003 1/ | 2 279 |
| Population with access to essential drugs (%) 1999 2/ | 50-79 | Government Finance | |
| Population using adequate sanitation facilities (%) 2000 2/ | 68 | Cash surplus/deficit (as % of GDP) 2003 1/ | n/a |
| Agriculture and Food | | Total expenditure (% of GDP) 2003 1/ | n/a |
| Food imports (% of merchandise imports) 2003 1/ | 11 | Total external debt (USD million) 2003 1/ | 18 795 |
| Fertilizer consumption (hundreds of grams per ha of arable land) 2000 1/ | 475 a/ | Present value of debt (as % of GNI) 2003 1/ | 47 |
| Food production index (1989-91=100) 2003 1/ | 121 | Total debt service (% of exports of goods and services) 2000 1/ | 24 |
| Cereal yield (kg per ha) 2003 1/ | 1 434 | Lending interest rate (%) 2003 1/ | 13 |
| Land Use | | Deposit interest rate (%) 2003 1/ | 4 |
| Arable land as % of land area 2003 1/ | 19 a/ | | |
| Forest area as % of total land area 2003 1/ | 7 a/ | | |
| Irrigated land as % of cropland 2003 1/ | 15 a/ | | |

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* CD ROM 2005

2/ UNDP, *Human Development Report*, 2004

PREVIOUS IFAD FINANCING IN MOROCCO

| Project Name | Initiating Institution | Cooperating Institution | Lending Terms | Board Approval | Loan Effectiveness | Current Closing Date | Loan/Grant Acronym | Denominated Currency | Approved Loan/Grant Amount |
|---|------------------------|-------------------------|---------------|----------------|--------------------|----------------------|--------------------|----------------------|----------------------------|
| Agricultural Credit Project | WB: IBRD | WB: IBRD | I | 27 Jun 79 | 04 Dec 79 | 30 Jun 83 | 17 – MO | SDR | 19 600 000 |
| Central Haouz Irrigation Project | AFESD | AFESD | I | 21 Apr 83 | 17 Jan 84 | 31 Dec 92 | 127 – MO | SDR | 15 700 000 |
| Abda Plain Rural Development Project | IFAD | AFESD | I | 18 Sep 86 | 15 Jun 87 | 30 Jun 96 | 193 – MO | SDR | 6 800 000 |
| Livestock and Pasture Development Project in the Eastern Region | IFAD | AfDB | I | 19 Apr 90 | 27 May 91 | 30 Jun 02 | 260 – MO | SDR | 10 850 000 |
| Tafilalet and Dades Rural Development Project | IFAD | AFESD | I | 20 Apr 94 | 27 Mar 95 | 30 Jun 04 | 356 – MA | SDR | 11 800 000 |
| Tafilalet and Dades Rural Development Project | IFAD | AFESD | I | 20 Apr 94 | 27 Mar 95 | 30 Jun 04 | 357 – MA | SDR | 4 100 000 |
| Rural Development Project for Taourirt – Taforalt | IFAD | UNOPS | I | 04 Dec 96 | 16 Oct 98 | 30 Jun 07 | 437 – MA | SDR | 13 500 000 |
| Rural Development Project in the Mountain Zones of Al-Haouz Province | IFAD | UNOPS | I | 07 Dec 00 | 22 Jan 02 | 30 Sep 08 | 556 – MA | SDR | 14 100 000 |
| Livestock and Rangelands Development Project in the Eastern Region – Phase II | IFAD | UNOPS | I | 11 Sep 03 | 08 Nov 04 | 30 Jun 11 | 615 – MA | SDR | 4 550 000 |

AFESD: Arab Fund for Economic and Social Development.

AfDB: African Development Bank

I: Intermediate

UNOPS: United Nations Office for Project Services

WB/IBRD: World Bank/International Bank for Reconstruction and Development

LOGICAL FRAMEWORK

| DESCRIPTION | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS AND RISKS |
|---|---|--|--|
| Overall objective | | | |
| Improved living conditions and incomes for poor households in targeted <i>douars</i> | <p>At project mid-term and completion, the number of households with an improved index of goods accumulation has increased</p> <p>At project mid-term and completion, the size and weight of children under the age of 5 have improved</p> <p>At project mid-term and completion, the literacy rate has increased by 10% and 20% respectively for women and by 5% and 10% for men</p> | Baseline survey and impact surveys at mid-term and completion. | <p>Continuation of national poverty reduction policy</p> <p>Synergy with national and sector programmes (rural roads, drinking water for rural residents, rural electrification, environmental support, etc.)</p> |
| Project objective | | | |
| Strengthened capacity for participative community management of a sustainable rural development process that will increase, diversify and secure income | <p>Average farm income in the project area at project completion has increased</p> <p>At project completion, <i>douar</i> development committees are operational in at least 80% of targeted <i>douars</i></p> <p>80% of grass-roots organizations are operational and sustainable</p> | <p>Survey of project impact at completion</p> <p>Annual reports of the PMU</p> | <p>Project benefits are well targeted to project beneficiaries</p> <p>Staff of the Regional Directorate of Water Resources and Forestry, and of the Provincial Directorate for Agriculture and its local offices are not adequately prepared for participatory implementation of the project</p> |

| DESCRIPTION | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS AND RISKS |
|--|---|---|--|
| Project outcomes | | | |
| Component 1 : Local capacity-building | | | |
| 1.1 Participatory process is in place for programming, implementation and monitoring of local development actions involving various social stakeholders | At project completion, 80% of DDPs development plans have been approved by the project and implemented by the <i>douar</i> development committees | Annual reports of the PMU Monitoring briefs | Weak mobilization of women because of weight of traditional customs and insufficient number of female community development agents |
| 1.2 Strengthened participation of women and young people in the participatory process of programming, implementation and monitoring of local development actions | At project completion, disadvantaged groups (women and young people) are represented by at least one member on <i>douar</i> development committees in at least 50% of targeted <i>douars</i> Increasing trend in number of approved microprojects presented by women | Mid-term review and completion reports Evaluation by beneficiaries | |
| 1.3 Training in participatory approach provided to project staff and partners | Number of permanent and contractual staff having received training in the participatory approach | | |
| Component 2: Natural resource management and socio-economic infrastructure | | | |
| 2.1 Rational management by the community of small and medium-scale irrigation infrastructure built/rehabilitated under DDPs | 70% of irrigation canals are lined, and 80% of gates have been rehabilitated At project completion, the irrigated surface has been increased thanks to an increase in water volume mobilized/saved | Supervision report Survey on project impact | |

| DESCRIPTION | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS AND RISKS |
|--|--|--|---|
| 2.2 Improved natural resource management and reduced erosion and silting up of reservoirs | <p>At project completion, 80% of small and medium-sized irrigation infrastructure is managed and maintained by users' associations</p> <p>At project completion, 70% of water users' associations are operational</p> <p>4500 ha have been derocked and 5 000 ha have been covered by SWC works</p> <p>70% of the eroded surface that has been covered by SWC works has been planted</p> <p>Project beneficiaries are organized in SWC associations</p> <p>At project completion, 60% of the river banks threatened by erosion are protected</p> | <p>Mid-term review and completion reports</p> <p>Evaluation by beneficiaries</p> | |
| 2.3 Regular maintenance of access roads and drinking water supply systems built/rehabilitated under DDPs | <p>At project completion, 70% of access roads are managed and maintained by the <i>commune</i> in association with beneficiaries</p> <p>At project completion, 70% of drinking water supply systems are managed and maintained by water users' associations operating under approved by-laws</p> | Activity reports of the project management unit | Rural <i>communes</i> lack the means to maintain access roads |

| DESCRIPTION | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS AND RISKS |
|--|--|---|-----------------------|
| Component 3: Intensification and diversification of agricultural production | | | |
| 3.1 Diversified and intensified cropping systems that are adapted to natural conditions | 60% of project farms have adopted at least one improved technique Improved crop yields and herd productivity 5 000 ha of fruit-trees and 1 500 ha of forage shrubs planted 150 ha of saffron cultivated | Surveys of project impact Supervision report | |
| 3.2 Rangelands and farmland rehabilitated and rationally managed by organized livestock-owners on the basis of a participatory land reclamation plan | Rangeland and forage production has increased by 5% at mid-term and 12% at project completion 70% of water points for livestock are well managed by entitled users | Mid-term review and completion reports Evaluation by beneficiaries | |
| 3.3 Livestock systems adapted to natural conditions | Average meat yield of poor households has increased by 5% at mid-term and 15% at project completion | Activity reports of the PMU | |

| DESCRIPTION | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS AND RISKS |
|---|--|--|-----------------------|
| Component 4: Support for rural financial services and microenterprise development | | | |
| <p>4.1 Microcredit operating through microcredit associations and access to medium-term credit is easier</p> <p>4.2 Stronger support among local populations to set up microenterprises</p> | <p>Access to microcredit reaches 35% of the population at project completion</p> <p>Women represent 40% of microcredit users at mid-term and 50% at project completion</p> <p>At project completion, 150 microenterprises have benefited from medium-term credit</p> <p>50% of microenterprises created are operational at mid-term and 70% at project completion</p> <p>At project completion, 40% of women having received thematic training (including functional literacy and post-literacy) are engaged in income-generating activities</p> | <p>Supervision report</p> <p>Mid-term review and completion reports</p> <p>Evaluation by beneficiaries</p> <p>Surveys of project impact</p> <p>Activity reports of PMU</p> | |

| DESCRIPTION | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | ASSUMPTIONS AND RISKS |
|--|--|--|---|
| Component 5: Project organization and management | | | |
| 5.1 Effective management of project activities | Project management unit is operational by the end of project year 1 | Supervision report | Subject-matter specialists are not all redeployed |
| 5.2 Operational system for monitoring and evaluation of project activities | At least 50% of M&E indicators of project impact are monitored at mid-term and 70% at project completion | Mid-term review and completion reports | Skills of three subject-matter specialists recruited (sociologist, microfinance expert and microenterprise expert) are not sufficient |
| Project activities (see list below) | | | |

LIST OF ACTIVITIES

- 1.1.1 Train project staff, staff of partner agencies and community development agents in the participatory approach
- 1.1.2 Carry out programme of awareness-raising and outreach in *douars*
- 1.1.3 Prepare *douar* development plans with target groups
- 1.2.1 Encourage women and young people to participate in *douar* development committees
- 1.2.2 Provide training to women in income-generating activities and provide information on market access conditions
- 1.3.1 Train project staff and partners in upward development planning

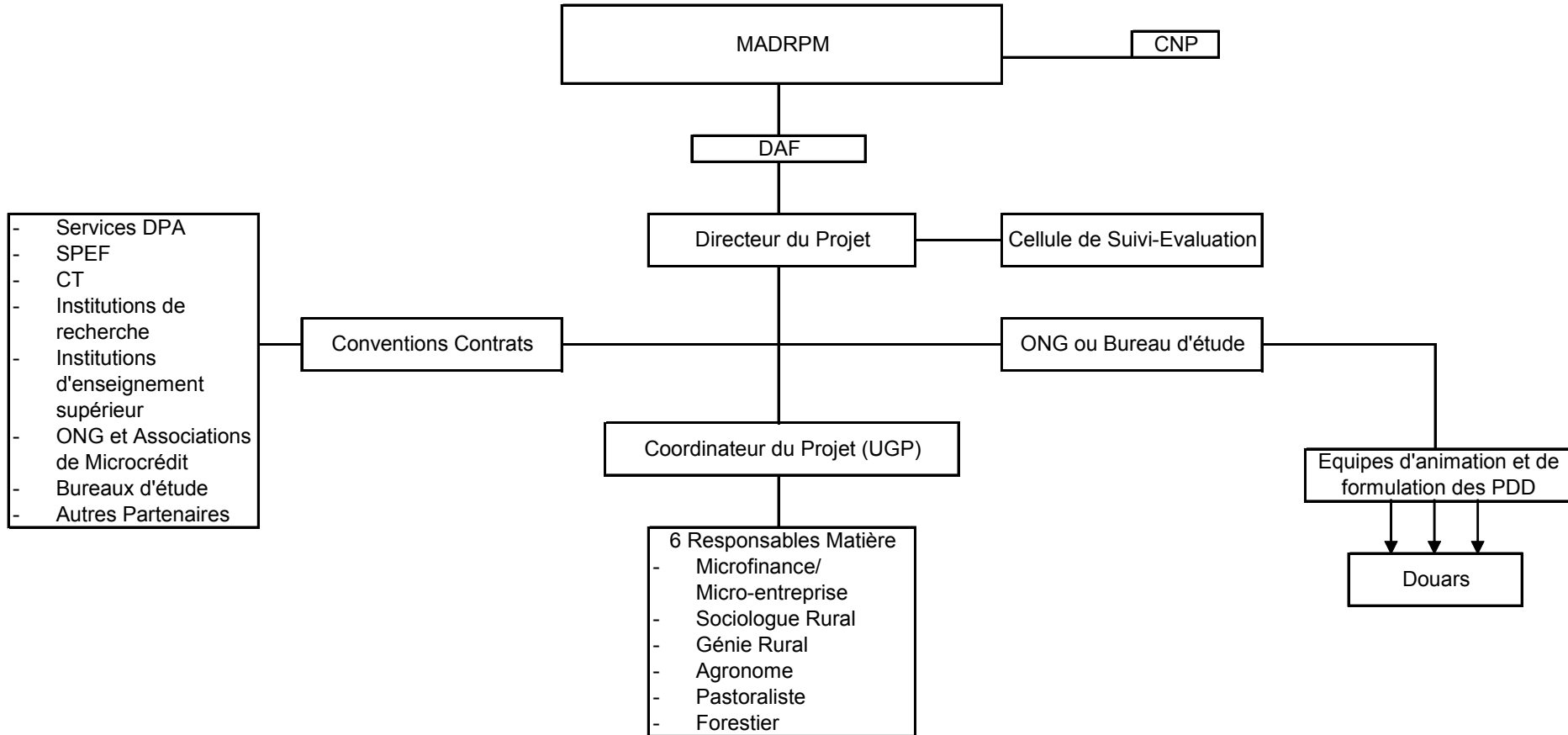
- 2.1.1 Promote small-scale irrigation works
- 2.1.2 Prepare rules for management of infrastructure and organize maintenance by beneficiaries
- 2.2.1 Carry out a programme on land reclamation and SWC
- 2.2.2 Organize beneficiaries for maintenance of SWC works
- 2.3.1 Promote establishment of access roads
- 2.3.2 Prepare rules for maintenance of access roads and drinking water supply systems, and organize their management by *communes* and beneficiaries

- 3.1.1 Promote the planting of fruit-trees
- 3.1.2 Establish, in a participatory manner, a programme of advisory support services and demonstrations to be provided by R&D or higher learning institutions
- 3.2.1 Organize livestock-owners to enforce rest-rotation grazing and the planting of forage shrubs
- 3.3.1 Promote improved animal husbandry with a view to enhancing livestock production in the project area
- 3.3.2 Establish, in a participatory manner, a programme of advisory support services and demonstrations to be provided by the National Association of Sheep-Goat Owners and their groups

- 4.1.1 Set up a rural finance infrastructure in partnership with microcredit associations
- 4.1.2 Assist women in organizing to secure access to credit
- 4.2.1 Support beneficiaries (especially young people) in setting up and running microenterprises and income-generating activities
- 4.2.2 Assist women in gaining access to advisory support services, equipment, raw materials and markets

- 5.1.1 Set up a project management unit
- 5.1.2 Prepare annual workplans and budgets and annual activity reports
- 5.2.1 Put in place a system to monitor and evaluate project activities
- 5.2.2 Regularly monitor project activities

ORGANIGRAMME



BENEFITS AND BENEFICIARIES

1. **Beneficiaries.** The project will promote various activities and affect several aspects of the economic and social life of target groups. It is expected therefore that project benefits will accrue directly or indirectly to the target population. The project is intended to directly benefit about 2 780 farms, or some 8 500 households representing a population of some 60 000 inhabitants who will benefit from new tree plantations. The planting of forage shrubs and rest-rotation grazing would directly affect 2 500 beneficiaries, for a total of some 15 000 area residents. The other target groups comprise jobless people, mainly women and girls. For this group, the project will promote microenterprises and income generating activities by supporting the development of 1 500 microactivities, in the area of small livestock production and handicrafts, tasks traditionally performed mainly by women and girls and 120 cooperatives in the area of agriculture related microenterprises. Functional literacy training will directly benefit some 3 000 persons, including over 2 000 women and girls. Part of the target group will benefit also from improved quality of life through project actions to improve area access, drinking water supply and flood/erosion control.

2. **Benefits.** The main expected economic benefits are: (i) increased agricultural output and rangeland resources and, consequently, an increase in the income generated by crop and livestock production activities; (ii) better socio-economic environment and living conditions (rural tracks to improve access, drinking water supply, literacy for women, and better nutritional balance for rural households); (iii) diversified and higher levels of income generated by microenterprises, thanks to added value of handcraft production, fostering of entrepreneurship, and enhanced credit delivery; (iv) lower transaction costs as a result of improved road infrastructure, stronger capacities of producers and microentrepreneurs, and broader access to financial and non-financial services; and (v) improved natural resource management.

3. The quantifiable economic benefits are represented by the incremental production expected from diversified and improved crop and livestock production systems (an estimated increase of 4 350 tonnes of cereals, 1.5 billion forage units, 14 900 tonnes of fruits, 255 tonnes of grain legumes, 7 400 tonnes of vegetables) and the net benefits generated by the microenterprises. The project will also yield substantial economic benefits that cannot be easily quantified, such as: (a) a reduction in degradation of farm land, rangelands and forests, and improvement of severely impoverished soil, thanks especially to SWC activities, improved farming practices and flood control; (b) the safeguard of the rich biodiversity of natural vegetation; (c) the impact of erosion control action on water retention and replenishment of the water table; (d) the economic value of improved access and literacy training; (e) greater efficiency in the performance of local administrations as a result of institutional strengthening; and (f) stronger capacity of grass-roots organizations to take charge of their own development