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Enabling the rural poor  
to overcome poverty

## **President's report**

### **Proposed loan and grant to the Kingdom of Morocco for the**

### **Rural Development Project in the Mountain Zones of Errachidia Province**

Executive Board — Ninety-first Session  
Rome, 11-12 September 2007

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For: **Approval**

## **Note to Executive Board Directors**

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

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## **Abbreviations and acronyms**

INDH	National Initiative for Human Development
MFI	microfinance institution
ORMVATf	Regional Office for Agricultural Development in Errachidia Province

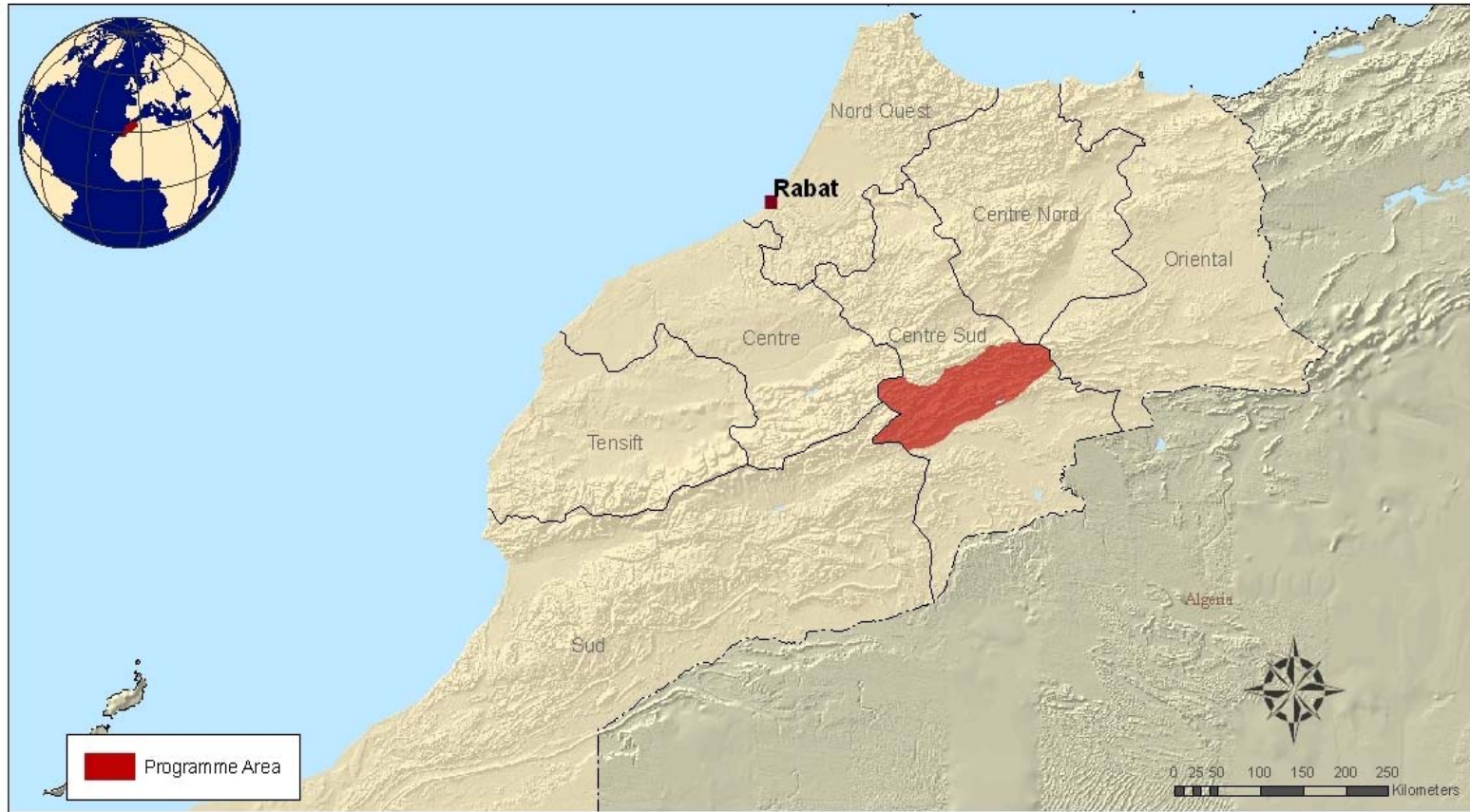
## **Recommendation for approval**

The Executive Board is invited to approve the recommendation for the proposed loan and grant to the Kingdom of Morocco for the Rural Development Project in the Mountain Zones of Errachidia Province, as contained in paragraph 35.

# Kingdom of Morocco

## Rural Development Project in the Mountain Zones of Errachidia Province

President Report



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.

Map compiled by IFAD

## Kingdom of Morocco

### Rural Development Project in the Mountain Zones of Errachidia Province

#### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower:</b>	Kingdom of Morocco
<b>Executing agency:</b>	Ministry of Agriculture, Rural Development and Marine Fisheries
<b>Total project cost:</b>	US\$27.0 million
<b>Amount of IFAD loan:</b>	SDR 11.95 million (equivalent to approximately US\$18.3 million)
<b>Amount of IFAD grant:</b>	SDR 325,000 (equivalent to approximately US\$0.5 million)
<b>Terms of IFAD loan:</b>	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
<b>Contribution of borrower:</b>	US\$7.6 million
<b>Contribution of beneficiaries:</b>	US\$0.7 million
<b>Appraising institution:</b>	IFAD
<b>Cooperating institution:</b>	Directly supervised by IFAD





# Proposed loan and grant to the Kingdom of Morocco for the Rural Development Project in the Mountain Zones of Errachidia Province

## I. The project

### A. Main development opportunity addressed by the project

1. The project will address a number of the root causes of rural poverty in the project area such as inadequate social and economic services, poor infrastructure and limited income opportunities due to the mismanagement of land and water resources. The principal constraints that beneficiaries face are the result of non-performing support services and the scarcity of rural financial infrastructure. Other main constraints include high illiteracy rates – particularly among women – high unemployment rates, weak professional farmers' organizations, and the absence or deterioration of rural roads and tracks, leading to poor accessibility and limited transfer of appropriate technological packages.

### B. Proposed financing

#### Terms and conditions

2. It is proposed that IFAD provide to the Kingdom of Morocco a loan in the amount of SDR 11.95 million (equivalent to approximately US\$18.3 million), on intermediate terms, and a grant in the amount of SDR 325,000 (equivalent to approximately US\$0.5 million) to help finance the Rural Development Project in the Mountain Zones of Errachidia Province. The loan will have a term of 20 years, including a grace period of 5 years, with an interest rate of one half of the reference interest rate per annum as determined by the Fund annually.

#### Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for the Kingdom of Morocco under the PBAS is US\$18.9 million over the three-year cycle 2007-2009.

#### Country debt burden and absorptive capacity of the State

4. Morocco's external debt stands at US\$16.3 billion (2005). External debt as a share of GDP dropped from 26 per cent in 2004 to 25 per cent at end-2005. Official reserves amounted to 11 months of imports at end-November 2005, up from 10 months of imports a year earlier. The Government's repayment record for IFAD loans is good.

#### Flow of funds

5. The proceeds of the loan and grant will be channelled through two separate special accounts designated in local currency to be opened with the National Treasury of Morocco in the name of the project. Government resources will be disbursed through the Regional Office for Agricultural Development in Errachidia Province (ORMVATf) in accordance with customary national procedures.

#### Supervision arrangements

6. IFAD will supervise the project directly, and will undertake yearly follow-up and supervision missions.

#### Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. With respect to retroactive financing, withdrawals not exceeding in the aggregate the equivalent of SDR 900,000 may be made from the loan and grant accounts in respect of all categories of expenditures incurred before the effective date but after approval by the Executive Board. Such expenditures shall be considered eligible expenditures for all purposes of the financing agreement, if otherwise eligible.

## **Governance**

8. Separate project accounts and financial records relating to project activities will be maintained by ORMVATf in accordance with Government practices and with procedures acceptable to IFAD. Project accounts will be audited annually by the General Inspectorate of Finance or by a private auditing firm. Certified audit reports will be transmitted to IFAD not later than six months after the end of each fiscal year, and will include a statement of the adequacy of the executing agency's accounting and internal control systems, together with a separate opinion regarding statements of expenditure and the special account.

## **C. Target group and participation**

### **Target group**

9. The project will target, directly and indirectly, about 140,000 rural poor people living in the project area. It will directly benefit some 20,000 of the poorest households in the area, out of a total of about 24,000. It will also target (i) impoverished women, especially heads of households, to improve their living and working conditions; (ii) girls with vocational skills who wish to engage in off-farm income-generating activities; and (iii) unemployed young people interested in starting a microenterprise or in receiving training in agricultural and non-agricultural income-generating activities.

### **Targeting approach**

10. Given that this is a community-based development project with collectively owned natural resources, IFAD's targeting strategy, as defined in its country strategic opportunities paper (COSOP), is applied at three levels: (i) the project area is selected from among the poorest regions in the country;<sup>1</sup> (ii) within the project area, the focus will be on the poorer communities; and (iii) activities are designed to favour the poorest people within these communities.

### **Participation**

11. The project approach will emphasize active beneficiary participation, beginning with the participatory formulation of village development plans and continuing through to the programming and implementation of project activities. This approach will foster a sense of community ownership of interventions, facilitating the emergence of autonomous economic interest groups responsible for managing community initiatives.

## **D. Development objectives**

### **Key project objectives**

12. The project's overall goal is to improve living conditions and incomes for poor households in targeted villages. The project will focus on: (i) strengthening participatory programming and building the capacities of grass-roots organizations and provincial and local public administrations through the promotion of pro-poor local institutions and training of their staff and board members in participatory development; (ii) creating socio-economic and productive assets, which will involve rehabilitating small-scale irrigation infrastructure, improving accessibility, supplying drinking water, promoting soil and water conservation, and intensifying and diversifying agricultural production; and (iii) diversifying income sources by providing sustainable access to local financial services and business counselling services.

### **Policy and institutional objectives**

13. The project will support the Government in fostering development in impoverished mountain regions of the country. It will test and validate various instruments and

<sup>1</sup> Situated in one of Morocco's poorest regions, the project area has a poverty rate of 33.2 per cent against the national average of 27.2 per cent. Some 13 communes out of the 17 in the project area have a poverty rate exceeding 30 per cent, placing them among the country's most vulnerable communities. In addition, 70 per cent of all households in the project area live under the absolute or relative poverty line, thus representing IFAD's priority target group.

approaches for subsequent replication and scaling up in other mountain areas in Morocco. The project will serve as a platform for continuing policy dialogue on various issues of relevance to the rural poor, including the decentralization of decision-making, the creation of pro-poor local institutions and enhanced access to financial and non-financial services.

#### **IFAD policy and strategy alignment**

14. The project is consistent with the COSOP's strategic objectives of (i) focusing on community-driven local development; (ii) improving access to technical expertise, financial services and markets; and (iii) targeting mountain areas, with a focus on gender and improved natural resource management. It is also fully aligned with the IFAD Strategic Framework 2007-2010, with the thematic thrusts of IFAD's regional strategy for the Near East and North Africa, and with the IFAD Rural Finance Policy and the IFAD Policy on Targeting.

### **E. Harmonization and alignment**

#### **Alignment with national priorities**

15. The project will contribute to the operationalization of the country's 2020 rural development strategy, which considers local rural development as one of its pillars. As it will target scattered or remote rural communities, the project falls within the framework of the Government's programme for the development of rainfed mountain areas. It is designed to ensure participation by all stakeholders in programming and implementation of local development plans and as such is in line with the National Initiative for Human Development (INDH).

#### **Harmonization with development partners**

16. With the exception of a small drinking water supply project in the framework of the Morocco-Luxembourg development cooperation, the project area has so far not benefited from any significant development projects. The INDH was launched by Morocco in May 2005 in eight communes in the project area. The IFAD grant will finance, through the INDH, income-generating activities for women and young people in ecotourism, aromatic and medicinal plants, and artisanal production. At the time of appraisal, the Millennium Challenge Corporation (MCC) was in the final stages of negotiations with the Government on a planned, national-level intervention. It is envisaged that IFAD project activities will be implemented in full synergy and complementarity with the MCC programme in the project area.

### **F. Components and expenditure categories**

#### **Main components**

17. To achieve its objectives, the project will be implemented over a six-year period and have the following four components: (i) local capacity-building; (ii) improvements in living conditions and incomes; (iii) income diversification; and (iv) project organization and management.

#### **Expenditure categories**

18. There are nine expenditure categories: (i) civil works (44 per cent of base costs); (ii) equipment (16 per cent); (iii) vehicles (4 per cent); (iv) technical assistance (1 per cent); (v) studies (4 per cent); (vi) training (7 per cent); (vii) contracts for service provision (14 per cent); (viii) salaries (5 per cent); and (ix) operation and maintenance (5 per cent).

### **G. Management, implementation responsibilities and partnerships**

#### **Key implementing partners**

19. These will be the Ministry of Agriculture, Rural Development and Marine Fisheries; the High Commissariat for Water and Forestry and for Combating Desertification; the Ministry of the Interior; the Ministry of Finance and Privatization, and the Ministry of Tourism; and microfinance institutions (MFIs), NGOs, professional farmers'

organizations and village-based associations such as cooperatives and water users' associations.

#### **Implementation responsibilities**

20. The project will be under the overall supervision of the Directorate of Land Reclamation in the Ministry of Agriculture. Project implementation at the field level will be the responsibility of the Director of ORMVATf, 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 ORMVATf and its field offices. It will establish contractual agreements with the Regional Directorate of Water and Forestry, other line agencies, MFIs, NGOs, grass-roots organizations and the private sector, according to the competencies and expertise required.

#### **Role of technical assistance**

21. The IFAD loan proceeds include US\$270,000 for technical assistance. This is intended mainly for local capacity-building of farmers' cooperatives and associations, including water and range users' associations; training of staff and community development agents involved in implementation and participatory development; setting up of the project monitoring and evaluation system; and providing backstopping to MFIs in the provision of business counselling services and the adaptation of their financial products.

#### **Status of key implementation agreements**

22. After signature of the loan agreement, ORMVATf will enter into partnership agreements with other line agencies/ministries and research institutions at the provincial and national levels, as required in project design.

#### **Key financing partners and amounts committed**

23. The total project cost is US\$27.0 million. The sources of financing are IFAD, 69.3 per cent; the Government, 28.0 per cent; and beneficiaries, 2.7 per cent. The Government's contribution will cover about 5 per cent of investment costs in addition to all recurrent costs, taxes and duties. The beneficiaries' contribution will be in cash or in kind. The project will also leverage the commitment of supplementary budgetary resources to finance the costs of the improved accessibility and drinking water supply subcomponents, for an aggregate amount estimated at US\$7.2 million equivalent.

## **H. Benefits and economic and financial justification**

#### **Main categories of benefits generated**

24. The main expected economic benefits will derive from: (i) increased income from higher agricultural output and animal production; (ii) better socio-economic infrastructure and improved living conditions (rural roads to improve area access, improved drinking water supply, higher literacy rates and better nutritional balance for rural households); (iii) diversified sources and higher levels of income generated by microenterprises, thanks to value added to crafts and artisanal products, promotion of ecotourism, fostering of entrepreneurship and enhanced credit delivery; and (iv) lower transaction costs as a result of improved road infrastructure, strengthened capacities of producers and microentrepreneurs, and broader access to financial and non-financial services.

#### **Economic and financial viability**

25. The benefits considered in the economic analysis are those 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. Although the environmental benefits, those linked to investment in human resources, and improvement in socio-economic infrastructure have not been quantified, the overall financial results show that the

incremental returns are attractive, the investments are economically viable and the economic rate of return exceeds the estimated opportunity cost of capital.

## **I. Knowledge management, innovation and scaling up**

### **Knowledge management arrangements**

26. A geographic information system, which will serve as an information management tool, was created for the project by the IFAD formulation mission. This system and all technical guides that will be produced on the project area and on the development of mountain agriculture will be part of an electronic documentation centre in ORMVATf. The project will also finance the costs of connecting to the IFAD-supported Knowledge Access in Rural Interconnected Areas Network (KariaNet) in the Near East and North Africa region, enabling it to share its experiences with other IFAD projects and partners in the region, and to benefit from theirs.

### **Development innovations that the project will promote**

27. The project has several innovative features in the context of the mountain zones of Morocco. Most prominent among these is the adoption of the basic socio-territorial unit closest to the household as the level for implementation of local participatory development plans to foster community-based rural development. The project will develop 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. It will also support local initiatives linked to the development of ecotourism.

### **Scaling-up approach**

28. As stated in paragraph 13, the project will test and validate various modalities and approaches for subsequent scaling up and replication in other mountain areas of the country.

## **J. Main risks**

### **Main risks and mitigation measures**

29. The main potential risks to project outcomes are as follows: (i) low rainfall or major floods, which could jeopardize the investments made (e.g. fruit tree plantations, river banks). This risk will be mitigated by an enhanced quality system for technical feasibility studies, especially for civil works and infrastructure for the protection of river banks prior to their implementation, and the selection of the adapted species of fruit tree species for the various agroecological zones; and (ii) the vacuum created by the departure of experienced staff under the ongoing voluntary retirement plan and the insufficient capacity-building of technical services at ORMVATf and other implementing agencies concerned. This will be mitigated through the envisaged redeployment of staff and through training and capacity-building activities.

### **Environmental classification**

30. The project is classified as Category B. The overall expected impact is positive, with a 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.

## **K. Sustainability**

31. The project design document includes an exit strategy for every component to enhance sustainability. Overall, sustainability will be ensured through capacity-building of existing or newly created grass-roots organizations to which all project investments will be devolved. Participation and consultation with beneficiaries before, during and after implementation of activities will be the project approach for empowerment of the rural population. In addition, the choice of project activities is adapted to beneficiaries' needs and to their capacities to manage, operate and maintain all project investments, thus ensuring ownership. Finally, training of all

administrative staff involved in project implementation will enhance their technical and behavioural capacities to ensure backstopping of the rural population in the long run.

## **II. Legal instruments and authority**

32. A project financing agreement between the Kingdom of Morocco and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. Important assurances included in the negotiated agreement are attached as an annex.
33. The Kingdom of Morocco is empowered under its laws to borrow from IFAD.
34. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD.

## **III. Recommendation**

35. I recommend that the Executive Board approve the proposed financing 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 nine hundred and fifty thousand special drawing rights (SDR 11,950,000) to mature on or prior to 1 September 2027 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 herein.

RESOLVED FURTHER: that the Fund shall provide a grant to the Kingdom of Morocco in various currencies in an amount equivalent to three hundred and twenty-five thousand special drawing rights (SDR 325,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Lennart Båge  
President

## **Important assurances included in the negotiated project financing agreement**

(Negotiations concluded on 4 September 2007)

### **Vehicles**

1. The Government of the Kingdom of Morocco (the Government) will put at the disposal of the project the vehicles that have been foreseen in the pre-appraisal report.

### **Provision of budget**

2. The Ministry of Agriculture, Rural Development and Maritime Fisheries (as the lead project agency) will make available to the project management, in a timely manner, the estimated annual budgets for project activities to be carried out for all project phases.

### **Framework agreements**

3. The Government undertakes to ensure that all agreements necessary for the implementation of the project, subject to prior review by IFAD, are signed before the end of the first phase of the project.

### **Composition of teams**

4. The 14 extension teams – each made up of one male extension agent and one female extension agent – will be put in place at the level of the project management unit during the first six months of the first phase of the project.

### **Taxes**

5. The Government will cover all duties, levies and taxes necessary for the project. The aggregate amount of these taxes is considered to form part of the contribution the Government is to provide under the financing agreement.

### **Pest management practices**

6. The Government will comply with the International Code of Conduct on the Distribution and Use of Pesticides and ensure that pesticides procured under the project do not include any pesticides classified as extremely hazardous or highly hazardous by the World Health Organization.

### **Insurance of project personnel**

7. The Government will insure project personnel against health and accident risks to the extent consistent with customary practice in the country.

### **Use of project equipment**

8. The Government will ensure that all goods, services and buildings financed using grant and loan funds are dedicated solely to the use of the project.

### **Human resources**

9. In the absence of the possibility of secondment, the rural sociologist specialized in the participatory approach and related issues, the microfinance officer and the microenterprise officer will be made available by a non-governmental organization or a specialized firm following national competitive bidding. Employment of these officers, and any decision to terminate their contract, will be undertaken in agreement with IFAD.

### **Management of staff**

10. Management of staff will be subject to procedures in force within the Government's territory. Project staff will be subject to performance evaluations undertaken annually. Their contracts or secondment may be terminated on the basis of the findings of those 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.

### **Equality**

11. No discrimination based on sex, age, ethnic background or religious affiliation will be permitted in the recruitment of project personnel, in accordance with the legislation in force within the Government's territory. However, all other things being equal, the Government will give preference to women candidates, especially to fill technical positions under the project.

### **Monitoring and evaluation**

12. A monitoring and evaluation (M&E) system will be set up within an M&E unit under the coordinator of the project management unit and with the support of technical assistance. The system will use performance and impact indicators clearly identified and measured by surveys, cartographic studies and periodical analyses, and will entail the participation of all stakeholders, including beneficiaries. The project is required to select indicators from the first- and second-level results of the Results and Impact Management System. A specialized firm will be responsible for analysing project impact. The project will finance three Geographical Information Systems: one for the project management unit and one per coordination unit of ORMVATf, which will serve as a tool both for management and for monitoring and evaluation.
13. The objective of the system is also to promote and circulate information and knowledge gained through experience in the area of mountain agriculture using an integrated system for information and knowledge management. To this end, the project will finance – for the duration of the project – provision of documentation relating to mountain agriculture and its enhancement. It will also finance the incorporation into the project of the KariaNet network, for which a three-year pilot programme is currently being carried out.

### **Suspension by IFAD**

14. IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account or the grant account upon occurrence of any of the following events:
  - (a) the financing agreement has not become effective by the stipulated date or such other date as may be set for such purpose;
  - (b) annual workplans and budgets or the respective procurement plan have been suspended, rescinded in whole or in part, waived or otherwise modified without the prior consent of IFAD, and IFAD has determined that such event has had, or is likely to have, a material adverse effect on the project;
  - (c) the absence of collaboration by the Government in the implementation of the IFAD Policy on Preventing Fraud and Collaboration in its Activities and Operations, which was approved by IFAD's Executive Board in December 2005.

### **Suspension in the event of non-compliance of audit requirement by the Government**

15. IFAD will suspend the right of the Government to request withdrawals from the loan account or the grant account if it has not received the audit reports within the six months following the six-month period set forth in the financing agreement.



**Conditions precedent to effectiveness**

16. The financing agreement will become effective upon the fulfilment of the following conditions precedent:
  - (a) The director of ORMVATf has been designated as project manager.
  - (b) The project management unit has been set up within ORMVATf and, in consultation with IFAD, a coordinator, a rangelands engineering expert or livestock technician, an agronomist, a rural civil engineer specialized in agricultural waterworks and in land and infrastructure conservation, a rural sociologist, a microfinance officer, a microenterprise officer as well as an agro-economist and two computer specialists (at least one of whom will be a computer engineer) have been selected.
  - (c) The financing agreement has been signed and a favourable legal opinion, issued by the *Secrétaire général du Gouvernement*, acceptable in form and substance, has been forwarded by the Government to IFAD.



## **Key reference documents**

### **Country reference documents**

Population and Housing Census (2004)  
National Survey of Household Standard of Living  
Morocco's Rural Development Strategy for the Year 2020  
Morocco's Long-term Strategy for Agricultural Development  
Documentation on the National Initiative for Human Development  
Drinking Water Supply Programme for Rural Populations (PAGER)  
Rural Electrification Programme  
National Rural Roads programme  
Various legal texts and circulars relating to rural development

### **IFAD reference documents**

IFAD Strategic Framework  
Sub-regional Strategy for NENA  
Morocco COSOP  
IFAD Strategic Framework (2007-2009)  
Action Plan for the Seventh Replenishment  
Learning Notes  
Targeting Policy  
IFAD Guidelines: Design Document and Key File (2003)  
Rural Finance Policy  
Rural Enterprise Policy  
Gender Action Plan  
Environmental Assessment Guidelines

### **Other miscellaneous reference documents**

World Bank Report on Rural poverty in Morocco (2004)  
Verbal information on the forthcoming Millennium Challenge Account Programme

## Logical framework

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<b>Goal:</b>			
Improved living conditions and incomes for poor households in targeted <i>Ksour</i> (villages).	<ul style="list-style-type: none"> <li>The height and weight of 25% of children under the age of 5, has increased.</li> <li>The Asset Index of households has increased at completion.</li> <li>The literacy rate has increased by 10% and 20% for women and by 5% and 10% for men at midterm and completion, respectively.</li> </ul>	Anthropometric and Asset Index surveys at start up, midterm and completion.	<p>A: Continuity in national poverty reduction policies and programmes.</p> <p>A: Link with national (INDH and MCA) and sectoral programmes.</p>
<b>Purpose/Objectives:</b>			
Strengthened capacity for participative management of a sustainable rural development process by rural communities that will increase, diversify and stabilise incomes.	<ul style="list-style-type: none"> <li>At project completion, <i>ksar</i> development committees are operational in at least 50% of targeted <i>ksour</i>.</li> <li>At project completion 50% of grass-roots organizations are operational and sustainable.</li> </ul>	Annual and completion reports on 2 <sup>nd</sup> level RIMS indicators by the project management unit (PMU).	<p>A: Project benefits are well targeted to project beneficiaries.</p> <p>R: Staff of the ORMVATf, are not adequately prepared for participatory implementation of the project.</p>
<b>Outputs:</b>			
1. The five outposts for microcredit delivery operate through microcredit associations or foundations.	<ul style="list-style-type: none"> <li>35% of active members of the target group have access to micro-credit.</li> <li>70% of targeted women benefiting from rural financial services.</li> </ul>	Mid-term review and completion reports (RIMS indicators). Evaluation by beneficiaries. Annual Reports by MCA.	R: Weak mobilization of women because of traditional customs and insufficient number of female community development agents deployed to the PMU.
2. Collectively owned small scale irrigation schemes which are rehabilitated by the project are managed by the local communities in a sustainable way.	<ul style="list-style-type: none"> <li>72 km of canals are lined and 1 300 linear metres of <i>khetaras</i> are managed.</li> <li>80% of small scale irrigation infrastructure are rehabilitated and managed by users' associations.</li> </ul>	Annual RIMS reports by PMU and evaluations by beneficiaries.	A: Technical services are operating efficiently and service providers are selected.
3. The cropping systems which are adapted to the natural conditions are diversified and intensified.	<ul style="list-style-type: none"> <li>1 150 ha of fruit tree plantations and 120 ha of saffron are productive.</li> <li>30% of project area farms have introduced at least one technique for intensifying crop production.</li> </ul>	Evaluation by beneficiaries. Mid-term review and completion RIMS reports.	A: Incentives for adoption of new technological packages are available.
4. Strengthened capacity of the local population to develop micro-enterprises.	<ul style="list-style-type: none"> <li>50% of targeted women have created income generating activities and micro-enterprises.</li> <li>70% of micro-enterprises created are operational.</li> </ul>	Midterm review and Project completion reports. Annual progress reports by the PMU.	A: Business counselling services are operational in the project area.

