

Closed Compact Report: Morocco Compact

October 17, 2015



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

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Introduction

In 2006 the Millennium Challenge Corporation and the Government of Morocco began development of their first partnership to reduce poverty. The Moroccan economy had seen 30 years of relative macroeconomic stability but slow growth, which led to consistently high unemployment. The Moroccans sought to stimulate economic growth by investing sectors with high potential, where they had competitive advantages, and could increase employment.

MCC and Morocco signed a five-year, \$697.5 million compact in August 2007 that invested in five project areas based on Morocco's own national growth strategy. This strategy was designed to modernize industrial sectors and target areas where the country had competitive advantages, such as textiles, agribusiness, fishing and handicrafts. The compact ultimately focused on:

- fruit tree productivity;
- small-scale fisheries;
- artisan training and urban market rehabilitation;
- financial services; and
- enterprise support and training services.

The Government of Morocco and MCC spent 93 percent of the available funds to increase productivity and improve employment in these high-potential sectors by the end of the compact in September 2013, and nearly 1.7 million people were expected to benefit. Additional details of the compact results and impacts are shared in independent evaluations.

Country Context

- Original Amount at Compact Signing:
\$697,500,000
- Amount spent:
\$650,052,711

- Signed:
August 31, 2007
- Entry Into Force:
September 15, 2008
- Closed:
September 15, 2013

Estimated benefits at compact close correspond to \$649.4 million of compact funds, where cost-benefit analysis was conducted.

- [1,694,645](#) Estimated beneficiaries at compact closure over 20 years
- [\\$307,500,000](#) Estimated net benefits at compact closure over 20 years

Created with Highcharts 6.0.1
Monitoring & Evaluation
Program Administration
Artisan and Fez Medina
Project
Enterprise Support Project
Financial Services Project
Fruit Tree Productivity Project
Small Scale Fisheries Project

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111281203.76],] } }););

- [Compact Agreement](#)
- [M&E Plan](#)
- [M&E Plan](#)

Artisan and Fez Medina Project

- \$111,873,858 Original Compact Project Amount
- \$84,019,666 Total Disbursed

Estimated Benefits

Estimated Benefits for the Artisan and Fez Medina Project

| Time | Estimated Economic Rate of Return (ERR) over 20 years | Estimated beneficiaries over 20 years | Estimated net benefits over 20 years |
|--------------------|---|---------------------------------------|--------------------------------------|
| At compact closure | 24.1 percent | 152,818 | \$75,600,000 |

Estimated benefits corresponds to \$105.4 million of project funds, where cost-benefit analysis was conducted.

Project Description

The Government of Morocco proposed a project to boost artisanal household incomes after discovering that tourist spending on local artisan products was substantially lower than in comparable foreign markets despite the country's rich offerings. Many artisans lacked the training and skills necessary to modernize production and capitalize on the growing tourist industry and export market. Drafted in line with national and regional strategies for developing the artisan sector, the Artisan and Fez Medina Project was designed to stimulate growth by leveraging links between the craft sector, tourism, and the Fez Medina's cultural, historic and architectural assets.

The project sought to assist potters in upgrading their equipment and techniques, strengthen the national system for literacy and vocational education to benefit artisans and the general population (especially women and girls), and support the design and reconstruction of historic sites in the medina. At the close of the compact, construction of the potter workshops (fondouks) at Ain Nokbi in Fez was complete, more than 300 artisans benefitted from promotion and marketing activities, and a new national label for handmade crafts was developed for Moroccan artisans. Construction of the foundouks is complete; however the sites are not yet fully functional. The government agreed to accept responsibility for works not completed by the compact end-date, and continues to finance restoration of Place Lalla Yeddouna.

Evaluation Findings

MCC conducted performance evaluations of the [Artisan Production and Promotion and Fez Medina Activities](#) and the [Functional Literacy Sub-Activity](#). Summaries of Findings for the Artisan and Fez Median activities can be found [here](#). Key findings include:

- Although most performance targets were met, rigorous measurement of the impact of these activities was not feasible under this evaluation. The evaluation notes that only 20 potters (of a targeted 144) could afford to purchase modern gas kilns offered at reduced prices by the project. Similarly, the compact-funded pilot of a national label for artisans had not yet been completed by the compact end date, and no artisan appended the label to their products.
- However, the evaluation was able to collect data on the perceptions of beneficiaries. On average, potters who participated in compact-funded trainings estimated their incomes to have increased by 9.6%.
- For the Fez Medina Activity, no compact outputs were completed except for the construction of a new workshop at Ain Nokbi where copperware artisans from Place Lalla Yeddouna were resettled. Targeted beneficiaries had not yet observed positive impacts of the compact's interventions, as responsibility for completion of the Fez Medina rehabilitations was transferred to the Government of Morocco. Sites are expected to be completed in 2017. The evaluation did find that working conditions substantially improved due to air extraction and filtering systems in the new fondouk constructed at Ain Nokbi.

Summaries of Findings for an interim performance evaluations related to the Functional Literacy Sub-Activity can be found [here](#). Key findings include:

- 82% of the more than 69,000 enrollees who were participants, or family members of participants, in the Fruit Tree Productivity, Small Scale Fisheries, and Artisan Production projects learned to read, write, do arithmetic, and perform other life skills.
- The community-based and flexible hours approach appears to have contributed to a high number of females in the training sessions and among literacy facilitators and managers.
- 74.6% of beneficiaries stated they used the new technologies daily in the course of their professional activities.
- Based on information gathered from beneficiaries in focus groups or semi-structured interviews the evaluator expected productivity gains of 20%, 40% or even 60% over time, depending on various external factors noted by the farmers, fishers and artisans surveyed.
- Although it was difficult to measure the ultimate impact of the Functional Literacy Activity on the incomes and living standards of beneficiaries, the study of 500 beneficiaries found that 66.8% of them anticipated improved incomes due to the training they received.

MCC is also conducting a final performance evaluation of the Functional Literacy and Vocational Training Sub-Activity. The evaluation is expected to be completed in 2016 and will measure the success and relevance of the literacy and training programs and the potential for productivity gains and income benefits in the future.

Key performance indicators and outputs at compact end date

Key performance indicators and outputs at compact end date

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|-----------------------------|---|----------|-----------------------|---|---|
| Artisan Production Activity | Adoption rate of improved production practices promoted by the project (%) | 0 | n/a | 23 | n/a |
| | MCC-subsidized gas kilns bought by artisans <ul style="list-style-type: none"> • Fewer kilns were acquired than expected, as potters struggled to cover their share of the costs. This was largely due to higher than anticipated costs of installing new kilns and to potters' limited access to finance. | 0 | 144 | 20 | 14% |
| | Training of potters | 0 | 3,905 | 2,332 | 60% |
| Artisan Promotion Activity | Number of SMEs participating in promotion events | 0 | 130 | 118 | 91% |
| | Number of SMEs that append the label on their products <ul style="list-style-type: none"> • 30 SMEs were certified to participate in | 0 | 30 | 0 | 0 |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---------------------|--|----------|-----------------------|---|---|
| | the national label. SMEs are expected to begin appending their labels after February 2014. | | | | |
| | Tourist circuits improved or created | 0 | 7 | 11 | 157% |
| Fez Medina Activity | Beneficiaries of Ain Nokbi construction and artisan resettlement program | 0 | 1,283 | 1,283 | 100% |
| | <p>Sites constructed or rehabilitated (4 foundouks, Place Lalla Ydouna, Ain Nokbi)</p> <ul style="list-style-type: none"> The Ain Nokbi Foundouk, which houses artisan workshops, is complete and operational. The Government of Morocco is committed to completing construction/rehabilitation of the five remaining historic sites, drawing from its own budget. Four of the five | 0 | 6 | 1 | 17% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|--|---|----------|-----------------------|---|---|
| | are expected to be completed before the end of 2014, and completion of the fifth site is expected in 2015. | | | | |
| Literacy and Vocational Education Activity | Drop-out rates of participants of residential and apprenticeship programs | 60 | 40 | 41 | 95% |
| | Females receiving professional training | 0 | 4,496 | 4,719 | 105% |
| | Graduates of MCC-supported Functional Literacy program (Female) <ul style="list-style-type: none"> • The activity met 93% of the overall graduates target (38,708 of 41,491 expected), with a greater proportion of females-to-males than originally forecasted. | 0 | 24,894 | 31,353 | 126% |
| | Graduates of MCC-supported Functional Literacy program (Male) | 0 | 16,597 | 7,355 | 44% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|------------------|---|----------|-----------------------|---|---|
| | <ul style="list-style-type: none"> The activity met 93% of the overall graduates target (38,708 of 41,491 expected), with a greater proportion of females-to-males than originally forecasted. | | | | |
| | Graduates of vocational training program (residential, apprenticeship & continuing education) | 0 | 3,747 | 3,044 | 81% |
| | Total receiving literacy training | 0 | 69,000 | 69,731 | 101% |
| | Total receiving professional training | 0 | 22,950 | 22,502 | 98% |

Enterprise Support Project

- \$33,850,000 Original Compact Project Amount
- \$15,126,518 Total Disbursed

Estimated Benefits

Estimated Benefits for the Enterprise Support Project

| Time | Estimated Economic Rate of Return (ERR) over 20 years | Estimated beneficiaries over 20 years | Estimated net benefits over 20 years |
|--------------------|---|---------------------------------------|--------------------------------------|
| At compact closure | -0.9 percent | 13,520 | \$-7,090,000 |

Estimated benefits corresponds to \$15.1 million of project funds, where cost-benefit analysis was conducted.

Project Description

The Government of Morocco proposed the Enterprise Support Project to address two of its critical economic priorities: reduce high unemployment among young graduates and encourage a more entrepreneurial culture. High levels of unemployment in Morocco result from low levels of formal sector employment growth and an expanding labor supply. The overall unemployment rate in Morocco is around 10 percent, but youth unemployment has risen to approximately double that in recent years.

The objective of the Enterprise Support Project was to improve the outcomes of two existing high-priority Government of Morocco initiatives:

- Moukawalati, which translates as “My Small Business,” a national program intended to address high youth unemployment rates and drive Morocco’s businesses to be more entrepreneurial and competitive in the face of globalization; and
- The National Initiative for Human Development, a multi-year initiative aimed at creating opportunities for the poor, vulnerable and socially excluded.

The project was designed to be carried out in two phases, with continuation of the second phase subject to positive results from an impact evaluation of the first phase. The pilot phase was completed in March 2012; although it met its implementation targets and showed promising trends, the impact evaluation did not show statistically significant impacts. The revised economic rate of return did not justify scaling up the project for a second phase. MCC did not continue with a second phase and the project was closed in May 2012.

Evaluation Findings

MCC completed impact evaluations of the [Support to Income-Generating Activities Activity](#) and the [Support to Small Businesses Activity](#). The Summaries of Findings can be found [here](#). Key findings for the Support to Income-Generating Activities (IGA) Activity include:

- The impact evaluation found that average declared profits were 78% greater for treatment group IGAs than for control IGAs.
- Although there were no measurable impacts on overall household income, IGA-supported households were less often in debt, had higher consumption and higher perceived levels of life satisfaction.

Key findings for the Support to Small Business Activity include:

- According to the evaluation, program implementation was effective, with participating businesses receiving a unique offering of training sessions.
- Overall, 74.5% of selected businesses dedicated time to training, compared to only 11.5% of firms in the Control group.
- As a result of the program, business closure rates decreased by 30%.
- However, two years after program completion, beneficiaries and their households were not impacted in terms of economic performance indicators, such as total sales, profits, or investment expenses.

Key performance indicators and outputs at compact end date

Key performance indicators and outputs at compact end date

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---|--|----------|-----------------------|---|---|
| Pilot Phase: Enterprise Support ANP ME/OFPPT/INDH Training Activity | Beneficiaries trained | 0 | 593 | 661 | 111% |
| | Days of individual coaching | 0 | 9,112 | 8,404 | 92% |
| | Reduction in SME mortality (treatment firms with respect to control firms) one year after support completion | 0 | 20 | 30 | 150% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|------------------|---------------------------|----------|-----------------------|---|---|
| | (%) | | | | |

Financial Services Project

- \$46,200,000 Original Compact Project Amount
- \$42,817,020 Total Disbursed

Estimated Benefits

Estimated Benefits for the Financial Services Project

| Time | Estimated Economic Rate of Return (ERR) over 20 years | Estimated beneficiaries over 20 years | Estimated net benefits over 20 years |
|--------------------|---|---------------------------------------|--------------------------------------|
| At compact closure | 13.5 percent | 825,240 | \$6,421,000 |

Estimated benefits corresponds to \$47.9 million of project funds, where cost-benefit analysis was conducted.

Project Description

The Financial Services Project sought to provide low-income populations with access to microfinance services (particularly micro-entrepreneurs or small individual borrowers) by developing a network of mobile micro-credit associations. These networks are the main providers of financial services to those lacking access to the traditional banking system. MCC funding supported Jaida, a financial institution launched in late 2006 that makes loans in the Moroccan microcredit sector. Funds were also used to support reforms allowing the transformation of microcredit associations into formal financial institutions, authorized not only to provide credit but also savings, insurance and other non-credit financial services. Finally, funding was provided for technical assistance to financial institutions to improve both efficiency and transparency in the financial sector and to lower borrowing costs for micro-enterprises. At the end of the project, MCC had provided \$25 million in loans via the Jaida Microfinance Investment Fund, which supported thousands of Moroccan micro and small enterprises. Regulatory changes and technical assistance allowed microfinance institutions to seek new sources of funding and provide new services to clients.

Evaluation Findings

MCC conducted a performance evaluation of the [Financial Services Project](#). The Summary of Findings can be found [here](#). Key findings include:

- The subordinated loan made to Jaida supported the recovery of the microfinance sector by providing at least \$33 million of financing to Microcredit Associations (AMCs). The expected decrease in the risk profile of AMC was not measurable as of the Compact End Date. However,

this loan benefitted an estimated 51,000 microenterprises, with potential to reach 400,000 microenterprises over a period of 8 years.

- The results of the first mobile branch client surveys are likewise encouraging. In the medium term, tens of thousands of microenterprises operating in the remote areas served by these branches will potentially have access to financial services.
- At the time of the evaluation, access to credit for the people of 350 rural communities had been improved as a result of the mobile branches. While unable to attribute income impacts to the compact intervention, the evaluation’s surveys found that almost 40% of customers of mobile agencies believed their annual income had increased by 5,000 DH or more (an increase of about 50% over the average income prior to obtaining credit).

Key performance indicators and outputs at compact end date

Key performance indicators and outputs at compact end date

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---|--|----------|-----------------------|---|---|
| Access to Funds for Microfinance Activity | Clients reached through mobile branches <ul style="list-style-type: none"> • Substantial indicator improvement is expected during the months after September 15, 2013, the Compact End Date, as all mobile branches are now deployed and as microcredit associations begin benefitting from MCC-funded organizational improvements. | 0 | 55,000 | 3,350 | 6% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|------------------|--|----------|-----------------------|---|---|
| | Microfinance institutions' portfolio at risk at 30 days (%) <ul style="list-style-type: none"> Smaller-than-forecast changes in outcome indicators are a reflection of challenges in the global microfinance sector rather than a reflection of project achievements. | 6 | 4.5 | 5.7 | 21% |
| | Value of loan agreements between AMCs and Jaida (Million MAD) <ul style="list-style-type: none"> Smaller-than-forecast changes in outcome indicators are a reflection of challenges in the global microfinance sector rather than a reflection of project achievements. | 276 | 983 | 694 | 59% |
| | Value of loan | 0 | 25,000 | 25,000 | 100% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|------------------|---|----------|-----------------------|---|---|
| | disbursements to Jaida (USD) | | ,000 | ,000 | |
| | Value of loans granted through mobile branches (USD) <ul style="list-style-type: none"> • Substantial indicator improvement is expected during the months after September 15, 2013, the Compact End Date, as all mobile branches are now deployed and as microcredit associations begin benefitting from MCC-funded organizational improvements. | 0 | 38,823,529 | 2,739,993 | 7% |

Fruit Tree Productivity Project

- \$300,898,447 Original Compact Project Amount
- \$323,369,991 Total Disbursed

Estimated Benefits

Estimated Benefits for the Fruit Tree Productivity Project

| Time | Estimated Economic Rate of Return (ERR) over 20 years | Estimated beneficiaries over 20 years | Estimated net benefits over 20 years |
|--------------------|---|---------------------------------------|--------------------------------------|
| At compact closure | 19.7 percent | 574,111 | \$449,095,000 |

Estimated benefits corresponds to \$282.7 million of project funds, where cost-benefit analysis was conducted.

Project Description

Morocco is a country where labor is abundant and inexpensive while water is scarce and costly. Many Moroccan farmers grow wheat and other grains that are subject to uncertain water availability, with the consequence of highly variable production. The Government of Morocco has encouraged the planting of more productive perennial tree crops, such as olives, almonds and dates, that are better suited for Morocco's climate and resources. Moroccan farmers have been traditionally unable to mobilize the resources necessary to modernize and move toward higher-value perennial crops due to factors like a lack of financing, information or access to markets. Aligned with the government's agricultural policy and developed in conjunction with the Ministry of Agriculture, the Fruit Tree Productivity Project was designed to:

- stimulate growth in the agricultural sector by moving from high water-use, low-value cereal grains to low water-use, high-value commercial fruit tree species;
- reduce volatility of agricultural production and farm revenues by expanding the area of commercial tree species better positioned to handle moisture stress;
- protect the natural resource base by replacing hillside wheat production with trees that reduce erosion and conserve soil; and
- organize and link extremely poor, small-holder farmers to high-value markets.

By the end of the compact, more than 40,000 farmers were trained, 60,084 hectares of olive and almond trees were planted, 114 olive and date value-chain processors were assisted, and \$18.6 million was disbursed under the Catalyst Fund to stimulate private sector investment in the olive oil value chain.

Evaluation Findings

MCC conducted a performance evaluation on the Olive Plantation Expansion in Rain-Fed Areas Activity. The results of that evaluation revealed that:

- The impact of planting more than 57,000 hectares of olive trees was estimated by an independent evaluator as potentially positive on farmers' income, food security, and on reducing poverty, with an estimated ERR of 10.4%. While the ERR depends on a number of variables associated with eventual olive production upon the development of young trees, it also depends on whether intercropping of cereal crops will be practiced and on yields and prices. The ability of farmers to cultivate both high-value olives and food staple cereals is likely to enhance the food security of participating households.
- While data on beneficiary poverty levels is not available, the evaluation did confirm that poverty levels in the targeted provinces are indeed high. As a positive spillover of the project, the implementation of the planting Activity generated the equivalent of 5.6 million man-days of employment opportunities. Moreover, planted trees are expected to generate 4,700 to 5,000 permanent seasonal employment opportunities per year at full development.

MCC also conducted a performance and impact evaluation of the Rain-Fed Olive Tree Rehabilitation Activity. That evaluation's tentative results were:

- The evaluation was unable to detect measurable improvements in production, productivity, or agricultural revenue. The analysis found a positive impact on the adoption of some of the best practices that were part of training, such as pruning, water management practices, and use of specialized equipment for harvesting. However, with the exception of harvesting equipment usage, the evaluation was not able to determine conclusively that the adoption of these best practices were caused by the program, as opposed to practices the farmers would have adopted anyway.
- The short timeframe of the analysis is likely an important contributing factor to the lack of impact found by the analysis, with the evaluation's analysis being based on data collected less than a year after training was completed. Farmers may continue to adopt and disseminate best practices over time.

An interim performance evaluation of the whole Fruit Tree Productivity Project was also completed in the closing months of the Compact. That evaluation's interim results revealed:

- The evaluation noted that expected impacts were not yet apparent at project closure, due mostly to the short duration of the assessment. Nonetheless, the evaluation does reveal positive and encouraging assessments from beneficiaries. The evaluation also reported positive results on farmers' individual and collective capacities through training, mentoring and technical support. The sector-wide approach and self-organization process fostered better social and economic integration for traditionally marginalized groups. Particularly the project's gender-sensitive approach and the female pilot projects helped improve the social and economic status of women, as they are now more involved in new local development dynamics, representing more than 10% of the members of the groups set up as part of the project. Conversely, the situation of young people in targeted communities has not shown such improvement due to the lack of specifically targeted approaches.

A follow-up performance and impact evaluation of key activities is expected in 2019. This evaluation will measure the project's medium- to long-term results in terms of crop yields, number of hectares

rehabilitated, adoption rates of improved practices by farmers, the impact of irrigation infrastructure on revenue and crop yields, and economic performance of olive and date processing units.

Key performance indicators and outputs at compact end date

Key performance indicators and outputs at compact end date

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---|--|----------|-----------------------|---|---|
| Catalyst Fund Activity | Disbursements under the Catalyst Fund (USD) | 0 | 19,200,000 | 18,603,263 | 97% |
| | Number of CF proposals approved | 0 | 20 | 0 | 100% |
| Date Tree Irrigation and Rehabilitation in PMH-irrigated Areas Activity | Average agricultural revenue per farm in oasis areas (USD) <ul style="list-style-type: none"> Low agricultural performance (yields, revenues) is due to unfavorable weather conditions in 2011-12 in comparison to the baseline year (2008-09). | 4,740 | 5,830 | 5,057 | 29% |
| | Hectares under improved irrigation | 0 | 19,393 | 19,393 | 100% |
| | Number of invitro seedlings successfully planted | 0 | 250,000 | 250,967 | 100% |
| | Yield of rehabilitated date palms in oasis areas (mt/ha) | 36.3 | 51 | 28.8 | -51% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---|---|----------|-----------------------|---|---|
| | <ul style="list-style-type: none"> Low agricultural performance (yields, revenues) is due to unfavorable weather conditions in 2011-12 in comparison to the baseline year (2008-09). | | | | |
| Fruit Tree Sector Services Activity | Farmers trained (in all areas targeted by the Project) | 0 | 4,200 | 40,863 | 97% |
| Olive Tree Irrigation and Rehabilitation Activity | Cumulative area of irrigated perimeters rehabilitated (ha) | 0 | 33,983 | 33,983 | 100% |
| | Yield of rehabilitated olive trees in irrigated areas (mt/ha) <ul style="list-style-type: none"> Low agricultural performance (yields, revenues) is due to unfavorable weather conditions in 2011-12 in comparison to the baseline year (2008-09). | 4.2 | 6 | 2.66 | -86% |
| Rain-fed Olive and | Area in expansion perimeters for which | 0 | 41,901 | 33,038 | 79% |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---|---|----------|-----------------------|---|---|
| Almond Tree Rehabilitation and Expansion Activity | water and soil conservation measures have been implemented (ha) | | | | |
| | Area planted and delivered to farmers (ha) | 0 | 60,372 | 60,804 | 101% |

Small Scale Fisheries Project

- \$116,168,028 Original Compact Project Amount
- \$111,281,204 Total Disbursed

Estimated Benefits

Estimated Benefits for the Small Scale Fisheries Project

| Time | Estimated Economic Rate of Return (ERR) over 20 years | Estimated beneficiaries over 20 years | Estimated net benefits over 20 years |
|--------------------|---|---------------------------------------|--------------------------------------|
| At compact closure | 23.5 percent | 128,960 | \$84,781,000 |

Project Description

Morocco has 3,500 kilometers of coastline and is the largest fish producer in Africa and the Middle East. Total annual value-at-landing of Morocco's catch is about \$832 million, making fishing one of the most important industries in the country. In addition, demand for fish is expected to continue to increase nationally, driven by an expanding tourism sector and anticipated growth in domestic fish consumption. Small-scale fisheries are one of the most underdeveloped segments of Morocco's fishing sector due to inadequate coastal landing sites and port infrastructure, lack of a reliable temperature-controlled supply chain (cold chain) from the sea to consumer, limited access to open markets, and insufficient training for fishers and their cooperatives. The Small-Scale Fisheries Project was designed, therefore, to transform the sector by

- constructing landing sites, wholesale markets and facilities;
- providing technical assistance;
- partially funding fresh-fish transportation equipment for mobile fish vendors;
- establishing marine protected areas; and
- increasing efforts to ensure sustainable use of fish resources.

The Morocco Compact funded the construction and equipping of 11 fish landing sites, 11 port facilities, and three marine protected areas, five wholesale fish markets, as well as the training and equipping of 933 mobile fish vendors. The Government of Morocco is taking steps to operationalize the remaining five of the 30 infrastructure sites funded in the project. MCC had originally agreed to fund up to 39 sites including 20 improved landing sites, 13 ports and six wholesale fish markets. Budget constraints, environmental and social considerations, and an inability to secure land titles led the exclusion of 13 sites from consideration.

Evaluation Findings

MCC conducted an interim performance evaluation of the Small-Scale Fisheries Project in 2013. With respect to the baseline, the income of artisan fishers increased by 73% in the port of Tan Tan and 54% in the landing site of Tifnit. Mobile fish vendors also benefitted from an increase in their income but 33% smaller than the increase targeted by the project. A final performance evaluation is currently underway and is slated for completion in 2020.

Key performance indicators and outputs at compact end date

Key performance indicators and outputs at compact end date

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|--|---|----------|-----------------------|---|---|
| Development of Fish Landing Sites and Port Facilities Activity | Boats benefitting from landing sites and ports <ul style="list-style-type: none"> As of December 31, 2013, a total of six sites with 2,164 corresponding boats were not yet operational. They were expected to go into operation during the first quarter of 2014. | 0 | 4,368 | 2,057 | 47% |
| | Number of artisan fishers who received a training certificate | 0 | 15,000 | 19,750 | 132% |
| Development of Wholesale Fish Markets Activity | Average price of fish at auction markets (MAD/kg) | 35.2 | 40.47 | 40.82 | 107% |
| | Number of work days created for construction jobs in PDAs, Ports, and | 0 | n/a | 730,000 | n/a |

| Activity/Outcome | Key Performance Indicator | Baseline | End of Compact Target | Quarter 1 through Quarter 20 Actuals (as of Dec 2013) | Percent Compact Target Satisfied (as of Dec 2013) |
|---|--|----------|-----------------------|---|---|
| | Wholesale Market sites | | | | |
| Support to Mobile Fish Vendors Activity | Active mobile fish vendors trained and equipped by the project | 0 | 1,300 | 933 | 72% |
| | Net annual income of mobile fish vendors (USD) <ul style="list-style-type: none"> • Further increase in vendors' income is likely, given that many vendors were operating for only a short period prior to collection of income data. | 3,827 | 6,201 | 5,382 | 66% |

Compact Changes

The Morocco Compact included significant capital investments in infrastructure and capacity building. Because MCC compacts are fixed amounts executed over a maximum five years, partner governments must focus on obtaining results and balancing changes to costs and implementation rates. During the compact, MCC and the Government of Morocco made mutually agreed-upon adjustments to compact targets, including:

- Reducing the area of the Rain-fed Olive and Almond Tree Rehabilitation and Expansion Activity from 120,000 to 62,149 hectares; increasing the Olive Tree Irrigation and Rehabilitation Activity area from 25,600 to 34,100 hectares; and increasing the Date Tree Irrigation and Rehabilitation Activity area from 16,000 to 19,400 hectares. The Government of Morocco later funded 19,322 additional hectares of olive orchards to reinforce the Olive Tree Irrigation and Rehabilitation Activity.
- Reducing the scope of the Fez Medina Activity by \$21.2 million and reallocating funds to the Catalyst Fund, a new activity intended to stimulate private sector investment in the olive oil value chain.
- Enlarging the scope of the \$32.8 million Literacy and Vocational Education Activity in the Artisan and Fez Medina Project to expand literacy initiatives across the entire compact.
- Restructuring the Small-Scale Fisheries Project from 20 landing sites to 11, from 13 ports to 11, and from six wholesale markets to five.
- Closing the Enterprise Support Project in May 2012. The data from a rigorous analysis of the pilot phase did not show statistically significant impacts, and the revised economic rate of return did not justify scaling up the project for a second phase.
- Reallocating funds from a \$4.5 million sub-activity in the Financial Services Project designed to establish a database of compact-supported sectors to increase the Jaida Microfinance Investment Fund loan from \$25 million to \$30 million.

In April 2012, after a rigorous technical assessment of progress and remaining challenges in the renovation of Place Lalla Yeddouna as part of the Fez Medina Project, MCC transferred financial obligation to the Government of Morocco, which has contracted the works. Construction is ongoing and is expected to be completed in 2017.

Coordination and Partnerships

MCC is committed to working with its partner countries, other donors and international institutions to leverage resources and expertise in reducing global poverty and creating opportunities for long-term growth.

During compact implementation, the Government of Morocco contributed more than \$34 million of its own funding to ensure the success of the Fruit Tree Productivity Project, including funding for the planting of an additional 19,322 hectares of olive orchards. As of December 2014, 9,466 hectares of this area had been turned over to beneficiaries.

The Government of Morocco also committed to finishing infrastructure in the Fez Medina, a contribution valued at approximately \$20 million, after the close of the compact. After the close of the compact, Morocco also provided \$7.9 million for improved landing sites and port facilities, \$4.5 million for wholesale fish market construction and \$10.4 million for project management in the Small-Scale Fisheries Project to supplement the compact investments.

Finally, as a complement to the Financial Services Project, the World Bank is executing a \$4.9 million grant that will strengthen the institutional and regulatory microfinance framework, strengthen product innovation and funding sources for microfinance and integrate microfinance into the national financial inclusion strategy. This project is expected to run through January 2018.

Conditions Precedent

To encourage desired investment outcomes under the compact, MCC and the Government of Morocco agreed that the following conditions precedent needed to be met before disbursing project funds.

Key Conditions Precedent

| Key Compact Component(s) | Major Condition Precedent or Policy Reform Required | Rating |
|--------------------------------|--|---|
| Small Scale Fisheries Project | <p>Development of Wholesale Fish Markets</p> <p>Prior to the signature of any contract for the construction of wholesale fish markets, either (1) the National Fisheries Office and relevant local authorities will have agreed to and signed rules and regulations governing the operation of a compact-funded wholesale fish market or (ii) the Parliament will have passed and promulgated a law regulating wholesale fish marketing by mareyeurs (wholesale fish traders) and issued regulations satisfactory to MCC.</p> | |
| Artisan and Fez Medina Project | <p>Fez Medina Activity</p> <p>Prior to any disbursement the proceeds of which include, in whole or in part, funding for construction of Place Lalla Yeddouna, the Government of Morocco shall ensure the development, implementation and enforcement of a sanitary and waste management plan for Place Lalla Yeddouna, including the completion of the RADEEF plan to eliminate the transmission of wastewater via the river</p> | <p>This CP was waived when the Government of Morocco took over responsibility of Place Lalla Yeddouna construction. However, MCC has strongly encouraged the Government of Morocco to pursue implementation of the already-developed waste management plan as a fundamental component to the success of their investment—and to ensure consistency with industry accepted best practices.</p> |
| Artisan and Fez Medina Project | <p>Functional Literacy and Vocational Training Activity</p> | |

| Key Compact Component(s) | Major Condition Precedent or Policy Reform Required | Rating |
|--------------------------|--|--------|
| | <p>Before entering into any contract(s) to procure equipment for SECA (now Ministry of Handicrafts) Training Centers, The compact Accountable Entity (APP) shall ensure that, satisfactory to MCC, each training center will receive equipment that has met the following eligibility criteria: a strategic management plan/business plan has been developed and approved; basic physical conditions and human and financial resources, as measured by an evaluation team to be recruited by APP, are in place to guarantee optimal installation, operation; and maintenance of the equipment.</p> | |

Artisan and Fez Medina Project

Functional Literacy and Vocational Training Activity

The compact Accountable Entity (APP) shall sign an agreement with the Ministry of National Education (MNE), satisfactory to MCC, specifying the role of the MNE and its subsidiary departments, particularly as it pertains to the creation of a national literacy certification system.

| |
|---------------------|
| Small Scale Project |
| Financial S Project |

Reducing Poverty Through Growth

