

PROJECT INFORMATION DOCUMENT (PID)

APPRAISAL STAGE

Report No.: PIDA668

Project Name	Morocco Social and Integrated Agriculture (P129774)
Region	MIDDLE EAST AND NORTH AFRICA
Country	Morocco
Sector(s)	Agricultural extension and research (35%), General agriculture, fishing and forestry sector (35%), Crops (15%), Animal production (15%)
Lending Instrument	Specific Investment Loan
Project ID	P129774
Borrower(s)	Government of Morocco
Implementing Agency	Agency for Agricultural Development (ADA)
Environmental Category	B-Partial Assessment
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Other Decision	

I. Project Context

Country Context

Over the last decade, Morocco has experienced significant political changes. Morocco is faced with many similar challenges as its neighbors, including social and economic exclusion, rising inequality, unemployment, and gender disparities. However, even before the Arab Spring and the revolutions in Tunisia, Egypt, and other Middle East and North Africa (MENA) countries, Morocco had already begun to implement widespread reforms. The government's commitment to reform was re-confirmed with the support of the population via a constitutional referendum on July 1, 2011. The new constitution calls for a more open and democratic society, equality between men and women, the provision of mechanisms to build a modern state of law and institutions, and the continuation of the decentralization process. The Government of Morocco (GoM) is determined to pursue these reforms in a transparent and participatory manner.

Agriculture is an important asset to the Moroccan economy, but the sector is plagued by an intrinsic disparity between large commercial and small farmers. The sector represents on average 15 percent of Gross Domestic Product (GDP), 23 percent of exports, and employs close to half of the labor force. Half of Morocco's agricultural GDP and 75 percent of agricultural exports are generated by

a limited but efficient group of commercial farmers producing high-value irrigated crops for international markets and milk for domestic consumption. The other half of Morocco's agricultural production comes from low-productivity smallholders working on mainly rain-fed lands located in marginal areas characterized by less favorable agro-climatic conditions, limited basic infrastructure, difficult accessibility, and unsatisfactory agricultural services. Land is unequally distributed, with smallholders accounting for 70 percent of agricultural holdings, but covering only 26 percent of cultivated land.

Land degradation is a key challenge for Morocco, with an annual cost of US\$134 million.

Ninety-three percent of the land is arid and semi-arid, and soils are fragile due to their organic-matter content of less than 2 percent. With average soil loss of more than 500 tons per square kilometer per year in the High Atlas Mountains, and up to 2,000 tons per square kilometer per year in the Rif region, Morocco has high erosion rates. Overexploitation and unsustainable management of croplands and rangelands can degrade soils, reducing crop and fodder yields, and long-term sustainability. Morocco is vulnerable to droughts, and agricultural development is increasingly impaired by dwindling resources and inadequate service in marginal areas. Around 2 million hectares of land suffer from water erosion, totaling degradation of 3,000 tons per square kilometer per year.

Environmental degradation is one of the main threats to the rich biodiversity of Morocco. Thanks to its variety in ecosystems, Morocco is the richest Mediterranean country in terms of fauna. However, its biodiversity is threatened by deteriorating ecosystems. Overgrazing, overharvesting, increased urbanization, and increased tourism, all contribute to the loss of local plant and animal species. Moreover, 30,000 hectares of vegetal cover is lost every year, which has significant implications for the various species protected by this cover. Agricultural pollution caused by the use of fertilizer and pesticides may also result in local biodiversity degradation, while the introduction of foreign species in Morocco's ecosystems risks eroding indigenous germoplasm.

Small farmers face poverty, marginalization, and environmental degradation. Poverty in Morocco remains largely a rural phenomenon, with the gap between rural and urban living standards being the highest in MENA. In marginal areas characterized by low and erratic rainfall, and with limited access to irrigation, small farmers are not inclined to risk their limited financial resources in the purchase of agricultural inputs, resulting in low productivity. The expertise in state-of-the-art technologies is scarce, while farmers are often old and illiterate, and have limited access to agricultural services. Many of these farmers are poor illiterate women: approximately 57 percent of the female population in Morocco participates in agricultural activities with the proportion of agricultural work carried out by men, women, and children estimated at 42, 45, and 14 percent respectively. The small-scale of farms, the limited level of farmer organization in some regions, the unsatisfactory agricultural product quality, and the limited access to markets are further causes of low income. A focus on ensuring their short-term livelihood, small farmers can turn to overexploitation and unsustainable management practices of agricultural land, at the expense of long-term land management techniques. However, as a consequence, environmental degradation and biodiversity loss may threaten the production capacity of marginal areas, further trapping small farmers in a vicious poverty cycle.

II. Sectoral and institutional Context

The *Plan Maroc Vert* (PMV) is the country's agricultural strategy for the period 2008-2020, aiming to double the agriculture sector's value-added and create 1.5 million jobs. The GoM envisaged a paradigm shift from a highly protected agriculture with a self-sufficiency goal to a dynamic, more open market strategy that emphasizes integrated value-addition along the agri-food chain in order to create better opportunities for small and large farmers alike. The PMV provides a roadmap for

implementing a series of systemic public sector reforms and investments to achieve these goals. It is based on two Pillars, to account for the dualistic nature of Moroccan agriculture: Pillar I supports commercial farmers' integration into domestic and international markets, and Pillar II is focused on social agriculture for small farmers. For Pillar II, around 550 projects directed to 855,000 smallholders are expected to be implemented throughout Morocco by 2020. This corresponds to an investment of US\$2.37 billion, three quarters of which will be funded by public investments, and the remaining by beneficiaries' contribution. Pillar II projects promote intensification, crop switching, and crop diversification; finance on-site processing and storage facilities and some agricultural inputs; support capacity development; and promote farmers' participation, organization, and their linkage to market.

The *Plan Maroc Vert*, detailed through Regional Agricultural Plans, promotes an agri-food chain approach. At the local level, the Regional Agricultural Plans (*Plans Agricole Régionaux*, PAR) identify priority agri-food chains for each region on the basis of agro-climatic conditions and crop economic potential. Within these regional priorities, Pillar II projects are designed to promote the vertical integration from production to commercialization of each agri-food chain. This is done through farmers' associations and cooperatives, some of which include women (nearly 11 percent of the agricultural cooperatives in Morocco are women's cooperatives). Within the PMV, farmers organizations help overcome land constraints; promote farmers participation; enable their access to finance, knowledge, and technologies; support risk-sharing; and improve marketing and commercialization.

Substantial institutional reforms accompany the *Plan Maroc Vert* investments. The Ministry of Agriculture and Maritime Fishery (*Ministère de l'Agriculture et de la Pêche Maritime*, MAPM) pursued a de-concentration of its service delivery through the creation in 2008 of 16 Regional Agricultural Directorates (*Direction Regionale Agricole*, DRA), which nowadays constitute the interface between the central MAPM and the pre-existing Provincial Agricultural Directorates (*Direction Provinciale Agricole*, DPA). The implementation responsibility and monitoring of the PMV was given to a specialized and dynamic Agency for Agricultural Development (*Agence pour le Développement Agricole*, ADA), created with this purpose in 2009. A strategy for developing an integrated system for delivering agricultural services was put in place in 2012, and it is currently resulting in the creation of a specialized Agency for Agricultural Advisory Services (*Office National du Conseil Agricole*, ONCA). The Chambers of Agriculture were restructured, and their number reduced from 37 to 16. Professional associations (*Inter-professions*) were established for about twenty priority agri-food chains, for which results-oriented contract programs were signed. Furthermore, the MAPM and the Ministry of Economy and Finance (*Ministère de l'Economie et Finance*, MEF) reshaped the Agricultural Development Fund (*Fonds de Développement Agricole*, FDA), the GoM's principal agricultural subsidy instrument, with a view to align support measures with the strategic directions of the PMV.

The investments and institutional reforms under the *Plan Maroc Vert* have resulted in agricultural sector growth in terms of both volume and value. Since 2008, investments in the sector have grown at a compounded annual growth rate of about 12 percent, totaling over US\$2.80 billion. Of the total investments in the PMV, US\$0.65 billion has been directed to Pillar II projects. This budget effort, combined with favorable climatic conditions, has resulted in a 40 percent increase in the total volume of agriculture production between 2005-2007 and 2011, while agriculture value added per worker increased by 53 percent between 2007 and 2010. These investments have led to an increase in output between 2006 and 2011 for olives (83 percent), citrus (36 percent), dates (45 percent), red meat (22 percent), and milk products (35 percent), among others.

Through the promotion of sustainable intensification, the *Plan Maroc Vert* can improve the livelihoods of small farmers while accounting for the environmental impact on natural ecosystems, thereby breaking the linkage between poverty, marginalization, and environmental

degradation. Moroccan institutions are giving increasing attention to the potential negative environmental impacts of the PMV. The PMV could be considered as an opportunity to address environmental issues, for example, through the promotion of eco-labeling and the opportunity to re-invest the increased production of by-products for energy (biomethanization), livestock feeding, organic mulching, and fertilizers. Specifically, the PMV identifies environmental-related threats to marginal areas, including limited water resources, fragile pasture land and forest ecosystems, and over-exploitation of natural resources including groundwater. By putting in place adequate measures, the agricultural intensification advocated under the PMV can also be achieved in marginal areas, while conserving natural resources. By recognizing the environmental challenges that exist in marginal areas where Pillar II projects are located, the PMV is better suited to identify ways to mitigate these challenges as it strives to grow the agriculture sector in a sustainable manner.

The Morocco Social and Integrated Agriculture (*Agriculture Solidaire et Intégrée au Maroc, ASIMA*) will increase the implementation of land and biodiversity conservation measures by small farmers. The conservation measures will be integrated in existing Pillar II projects in the targeted marginal areas of Souss-Massa-Draa and Marrakech-Tensift-Al Haouz regions, for which a corresponding ASIMA sub-project will be designed to complement the PMV investment. Small farmers, already beneficiaries of Pillar II projects each focusing on an agri-food chain typical of marginal areas, will additionally benefit from the integration of conservation measures. The ASIMA sub-projects will also allow exploring synergies among Pillar II projects, to help small farmers enhance their livelihood while making optimal use of the limited natural resources available. The ASIMA will be funded by the Global Environment Facility (GEF) with parallel financing from the GoM.

A body of analytical work by the Government of Morocco, the World Bank, and other multilateral organizations underpins the ASIMA project. The World Bank conducted a sector-wide diagnostic identifying key challenges and constraints facing the Moroccan agri-food sector and outlining a series of policy recommendations in its Morocco Agricultural Sector Policy Note (2009) and Morocco Agricultural Sector Review (2010). An analysis of recent poverty trends in rural areas in Morocco is provided by the World Bank's Rural Poverty Policy Note (2010). Specifically on the environmental aspects, the most relevant World Bank analytical piece is the Cost of Environmental Degradation – Case studies from the Middle East and North Africa (2010), which estimated the annual costs associated to land degradation in Morocco in terms of the lost productivity of croplands and rangelands. More recently, the ADA has carried out an Environmental Assessment of the PMV (*Évaluation Environnementale Stratégique du Plan Maroc Vert*, 2012) that identified, among other conclusions, the following needs: (i) training for specialized staff for the monitoring and evaluation of environmental-related aspects; (ii) communication campaign on environmental-related issues targeting all involved stakeholders; and (iii) specific measures to be designed for the protection of the flora and fauna biodiversity of Morocco. The ASIMA will benefit from analytical work produced by international organizations active in the agricultural sector in Morocco, and in particular the Ecosystem management plans (*Plan de Gestion Eco-Systemiques*, PGES) produced for specific agri-food chains under the Program by the European Union supporting the agriculture sector policy in Morocco (*Programme d'Appui à la Politique Sectorielle Agricole*, PAPSA).

The ASIMA builds on the existing portfolio of World Bank's lending activities in Morocco in support to the *Plan Maroc Vert*. The World Bank's support to the PMV has been conceived in an innovative way, coupling a DPL series with two GEF projects and Technical Assistance (TA) from the World Bank and other donors (including IFC), and complementing a number of investment operations undertaken by the rest of the donor community in Morocco. The ASIMA is consistent with the actions promoted by the ongoing programmatic series of two Development Policy Loans (DPLs) in support to the PMV, aiming among others to improve the socio-economic impacts of Pillar II projects. Reforms of

the Pillar II pursued through the DPL series included: (i) improving the governance and public financial management of Pillar II projects, through the adoption of two manuals setting procedures for prioritizing the financing, and for preparing, submitting, and implementing Pillar II projects, as well as the de-concentration of the decision making process to pre-selection technical committees at provincial level; and (ii) establishing a legal and institutional framework to support aggregation, through the passing of relevant legislation regulating government support of aggregation projects and the legal framework of contract farming. The ASIMA will benefit from this improved legal framework put in place for Pillar II projects, and will in turn contribute to the achievement of the DPL series by developing additional knowledge that could be of use for the improvement of the manuals in an environmental perspective. The ASIMA builds on the lessons learned of the Integrating Climate Change in the implementation of the PMV (PICCPMV) project, financed by GEF (under the Special Climate Change Fund, SCCF) as part of the World Bank support to the PMV. Both the ASIMA and the PICCPMV promote innovative measures to be piloted in Pillar II projects and potentially scaled up at the PMV level. The measures promoted (for climate change adaptation under the PICCPMV, and for land and biodiversity conservation under the ASIMA) target small farmers as they are the most vulnerable to climate change impact and environmental degradation, which risk jeopardizing the potential gains small farmers can obtain from the PMV. Both GEF projects aim to facilitate the transfer of existing knowledge to small farmers, selecting measures that are simple to implement, financially sustainable for the small farmers (or their associations), and have short term advantages for agricultural production while increasing sustainability and resilience in the long term. Appropriate synergies are being sought between the ASIMA and the Green Growth DPL series, of which the first operation is currently under preparation.

The ASIMA is part of the MENA-Desert Ecosystems and Livelihoods Program (MENA-DELP). The World Bank, in partnership with several countries and the GEF, has launched the MENA-DELP regional program which aims to contribute to the enhancement of livelihoods in desert ecosystems by harnessing their value in an environmentally and socially sustainable manner so that the flow of desert goods and services can be optimized. The MENA-DELP seeks to maintain and improve the flow of desert ecosystem services for sustainable development in a positive feedback loop. The Program will focus on piloting enabling economic opportunities specific to deserts that integrate the health and diversity of the desert biome with the vast potential for innovative livelihood opportunities that also sustain valuable repository knowledge linked to adaptive practices. It is intended that such an approach ultimately enhances desert livelihood opportunities and increases the resilience and adaptation responses of desert communities and ecosystems to projected pressures. The MENA-DELP consists of six projects, five national (besides Morocco, it includes Algeria, Egypt, Jordan, and Tunisia) and one regional. The focus of the national projects ranges from ecotourism to agriculture to livestock management, but they all improve the sustainability of these investments through an integrated ecosystem management approach. Emphasis is also placed on participatory approaches, capacity building, and on harnessing local knowledge. The regional umbrella aims to enhance knowledge and experience sharing among the five countries. The ASIMA has been designed in accordance with the objectives of the MENA-DELP, and to maximize exchange of knowledge with other national projects.

III. Project Development Objectives

The Project Development Objective (PDO) is to increase the implementation of land and biodiversity conservation measures in selected projects directed to small farmers located in targeted marginal areas in the project area.

A project directed to small farmers located in a marginal area of Morocco refers to a Pillar II project in the PMV. The project area means the regions of Marrakech-Tensift-Al Haouz and Souss-Massa-Draa.

IV. Project Description

The ASIMA is composed of the two following components.

Component 1: Development of the capacities of public and private institutions on land and biodiversity conservation (US\$1.32 million, or 20 percent of grant amount) - Component 1 aims to develop the capacities of selected staff of public and private institutions involved in the planning and implementation of Pillar II projects on land and biodiversity conservation. This Component is distinguished in two sub-components. Activities of sub-component 1.1 to be financed include: (i) training, study tours, and field visits; (ii) studies and dissemination materials; (iii) awareness campaigns; (iv) Monitoring and Evaluation (M&E) and reporting; and (v) audits. The activity of sub-component 1.2 to be financed includes training to selected staff of the implementing entities. The ADA will be responsible for the implementation of Component 1.

Component 2: Transfer of land and biodiversity conservation measures among small farmers (US\$5.12 million, or 80 percent of grant amount) - Component 2 aims to disseminate land and biodiversity conservation measures in selected projects directed to small farmers located in the two target regions of Souss-Massa-Draa and Marrakech-Tensift-Al Haouz. Eight ASIMA sub-projects have been identified, and more could be added during project implementation subject to consultations and budget availability. For each of these, activities to be financed include: (i) works and goods for implementing land and biodiversity conservation measures; (ii) training, study tours, and field visits; (iii) awareness campaigns; and (iv) Monitoring and Evaluation (M&E). The MAPM (through the relevant DPAs, with the support of the relevant DRAs and CTs), with the assistance of the ADA, will be responsible for the implementation of Component 2.

V. Financing *(in USD Million)*

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	35.54
Global Environment Facility (GEF)	6.44
Total	41.98

VI. Implementation

Institutional and Implementation Arrangements

The Agency for Agricultural Development (ADA) will be responsible for the overall coordination of the ASIMA. The ADA will implement Component 1 and the Ministry of Agriculture and Maritime Fisheries (MAPM) (through the relevant Provincial Agricultural Directorates (DPAs), with the support of the relevant Regional Agricultural Directorates (DRAs) and Centers of Work (CTs)), with the assistance of the ADA, will implement Component 2.

The ADA and the MAPM (through the relevant DRAs, DPAs, and CTs) were selected as implementing agencies for the ASIMA as they are the entities in the GoM that are responsible for the PMV. The implementation arrangements of the ASIMA builds upon the existing organizational structure put in place for the implementation of the PMV.

Results Monitoring and Evaluation

The objective of the Monitoring and Evaluation (M&E) system is to regularly provide information on the ASIMA's activities and results. The M&E is to be considered an operational management

instrument from which the implementing entities should benefit, evaluating and improving their performances throughout the project implementation, and helping to achieve the PDO. It will provide a basis for regular interaction with small farmers, to get a good understanding of the pros and cons of the land and biodiversity conservation measures, as well as of the possible benefits and constraints in the scaling up of those measures.

Reporting on the status of physical implementation and on the result indicators of the ASIMA will be done through Project Reports. The ADA will have the overall responsibility for the preparation of the Project Reports and their transmission to the World Bank each semester, on the base of the contributions of the DPAs, consolidated at a regional level by the DRAs. In addition, a summary of the status of physical implementation and on the result indicators of the ASIMA will be shared with the farmers. To this end, and in line with the circular recently issued by the MAPM on the public display at local level of Pillar II projects information, M&E information will be included in the project status board to be displayed in a local office of the MAPM easily accessible by the beneficiaries, and quarterly updates of the project status board will be provided.

Sustainability

The sustainability of the activities promoted under the ASIMA will primarily depend on the sustainability of the PMV. Government commitment to the strategy has been constantly high over the last four years, and the confirmation of the Minister of Agriculture following the November 25, 2011 legislative elections is a clear signal that this commitment will reasonably remain unvaried until 2016. Assuming that the implementation of the PMV will continue at the current positive rate, the following aspects will play a role in the sustainability of the ASIMA:

- The commitment of the MAPM and the ADA towards the inclusion of environmental aspects in the implementation of the PMV
- The ability to promote small farmers' participation, and to have them recognize the importance of the long-term sustainability of their ecosystem
- The ability to reshape the subsidy system in an environmentally-friendly way

VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

VIII. Contact point

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