

AFRICAN DEVELOPMENT BANK



INCLUSIVE AND SUSTAINABLE DEVELOPMENT SUPPORT PROGRAMME FOR AGRICULTURAL AND RURAL AREAS (PADIDZAR)

COUNTRY : MOROCCO
SAP Code : P-MA-AA0-011

RESULT-BASED FINANCING OPERATION APPRAISAL REPORT Date: July 2021

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MOROCCO

INCLUSIVE AND SUSTAINABLE DEVELOPMENT SUPPORT PROGRAMME FOR AGRICULTURAL AND RURAL AREAS

(PADIDZAR)

RDGC DEPARTMENT

October 2021

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CURRENCY EQUIVALENTS

July

UA 1	=	EUR 1.20029
UA 1	=	USD 1.42642
UA 1	=	MAD 12.7195

FISCAL YEAR

1 January – 31 December

ACRONYMS AND ABBREVIATIONS

AFD	French Development Agency
BnMAD	Billion Moroccan Dirham
BPAR	Bank Procurement Assessment Report
CC	Climate Change
CFRA	Country Fiduciary Risk Assessment
CILCC	Inter-Ministerial Commission Against Corruption
CNC	National Coordination Committee
COVID	Coronavirus Disease
CPI	Corruption Perceptions Index
CRC	Regional Coordination Committee
CSA	Climate-Smart Agriculture
CSP	Country Strategy Paper
DF	Directorate of Finance
DIAEA	Directorate of Irrigation and Agricultural Space Development
DLI	Disbursement-Linked Indicator
DPA	Provincial Directorate of Agriculture
DRA	Regional Directorate of Agriculture
DSS	Directorate of Strategy and Statistics
GDP	Gross Domestic Product
GGS	“Green Generation” Strategy
GMAW	Guaranteed Minimum Agricultural Wage
GoM	Government of Morocco
Ha	Hectare
IGA	General Inspectorate of Agriculture
IGF	General Inspectorate of Finance
IGM	General Ministerial Inspectorate
IIAG	Ibrahim Index of African Governance
IVA	Independent Verification Agency
IWUA	Irrigation Water Users’ Association
M&E	Monitoring and Evaluation
MAD	Moroccan Dirham
MAPMDREF	Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry
MEFRA	Ministry of Economy, Finance and Administrative Reform
MIC-TAF	Middle-Income Countries Technical Assistance Fund
MSME	Micro-, Small- and Medium-sized Enterprise
NPPS	National Public Procurement System
ONCA	National Agricultural Advisory Board
ORMVA	Regional Agricultural Development Authority

PADIDFA	Inclusive and Sustainable Development Support Programme for Agricultural Sub-sectors
PADIDZAR	Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas
PAPNEEI	National Irrigation Water Saving Programme Support Project
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
PEI	Irrigation Extension Programme
PFM	Public Finance Management
PJD	Justice and Development Party
PMU	Project Management Unit
PMV	Green Morocco Plan
PNAEPI	National Drinking Water Supply and Irrigation Programme
PNEEI	National Irrigation Water Saving Programme
PNRA	National Administrative Reform Plan
PPP	Public-Private Partnership
R&D	Research and Development
RAZ	Rural Agro-industrial Zone
RBF	Results-based Financing
RPMU	Regional Project Management Unit
SME	Small- and Medium-size Enterprise
SMI	Small- and Medium-sized Irrigation
SNDD	National Sustainable Development Strategy
TA	Technical Assistance
UA	Unit of Account
USD	United States Dollar
WB	World Bank

PROGRAMME INFORMATION**SECTOR** : **Agriculture****THEME** : **Inclusive and Sustainable Development of Agricultural and Rural Areas****LOAN INFORMATION****Client Information**

BORROWER/RECIPIENT: Kingdom of Morocco
EXECUTING AGENCY: Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry (MAPMDREF)

Contact Address Ministry of Economy, Finance and Administrative Reform (MEFRA)
 Directorate of Budget
 Boulevard Mohamed V
 Quartier Administratif
 10 000, RABAT
 Kingdom of Morocco
 Fax: (212) 537 67 75 30
 Tel.: (212) 537 67 72 66/67

Other Body Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry (MAPMDREF)
 Department of Agriculture
 National Agricultural Advisory Board (ONCA)
 Avenue Mohamed Belarbi Alaoui - Rabat -
 B.P: 6672 - Rabat
 Tel.: (212) 05 37 77 65 13
 Fax: (212) 05 37 77 92 89

Financing Plan

Source of Financing	Amount in UA Million	Amount in EUR Million	Instrument
Borrower/Recipient	152,48	183,02	
AfDB	95,00	114,03	Loan – Results-Based Financing (RBF)
TOTAM	247,48	297,05	

Key AfDB Financing Information

Loan Currency	Euro (EUR)
Loan Type	Fully flexible loan
Maturity	20 years
Grace Period	5 years
Weighted Average Maturity**	15 January and 15 July of each year
Repayment	Consecutive half-yearly equal payments after the grace period or profile adapted to the Borrower's needs.
Interest Rate	Base rate + Financing cost margin + Lending margin + Maturity premium. This interest rate must be floored to zero.
Base Rate	Floating base rate (6-month EURIBOR reset on 1 February and 1 August) with a free base rate fixing option.
Financing Cost Margin	Bank financing cost margin reset on 1 January and 1 July and applied to the base rate on 1 February and 1 August.
Lending Margin	80 basis points (0.8%)
Maturity Premium	Zero basis points (0 bp)

Front-end Fee	0.25% of the loan amount payable on the first disbursement date (from loan resources).
Commitment Fee	0.25% per annum of the undisbursed loan amount, commencing 60 days following the date of signature of the Loan Agreement and payable on interest payment dates.
Base Rate Conversion Option*	Besides the free base rate fixing option, the Borrower may revert to the floating rate or reset it for all or part of the disbursed loan amount. Transaction fees apply.
Cap or Collar Rate Option*	The Borrower may cap or collar the base rate for all or part of the disbursed loan amount. Transaction fees apply.
Loan Currency Conversion Option*	The Borrower may change the currency of all or part of the undisbursed and/or disbursed loan amount into any other Bank loan currency. Transaction fees apply.

Disbursement Schedule (in EUR million)

	Disbursement Based on DLIs (in EUR million)					
Fiscal Years	2021	2022	2023	2024	2025	2026
Projected annual disbursements	17,10	25,21	25,00	25,60	10,50	10,62
Cumulative amount	17,10	42,31	67,31	92,91	103,41	114,03

The Front-end fee is €285,075 to be deducted from the Loan resources.

The advance is not included in the cumulative amount because it is deductible from disbursements based on DLIs.

RBF provides for prior results-based disbursement against DLI.7 and DLI.8 in 2021 for an allocation of about EUR 17.10 million, representing 15% of the total loan amount. Thus, the advance may not exceed 15% of the loan amount, in keeping with RBF requirements (the cumulative amount of prior results-based financing and revolving advances may not exceed 30% of the RBF operation).

Timeframe – Key Milestones (expected)

Programme Appraisal	June/July 2021
AfDB Loan Negotiations	September/October 2021
Programme Approval	October 2021
Effectiveness	November 2021
Closing Date	December 2026
Last Disbursement Date	December 2027

KEY PROGRAMME INFORMATION

Programme development objectives	<ul style="list-style-type: none">- Improve the quality of life for people in agricultural and rural areas;- Contribute to fostering the emergence of a new generation of an agricultural middle class;- Build the resilience of Moroccan agriculture to the effects of climate change.	
Compliance		
Policy		
Does the programme contradict the CSP regarding content or other aspects?	No	
Does the programme comply with eligibility criteria?	Yes	
Is the Board requested to approve any policy waiver?	No	
Overall risk assessment: moderate		
Legal Status	See section of the report on Legal Authority	

EXECUTIVE SUMMARY	
Programme Name	Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR)
Programme Duration	Six years, covering the 2021, 2022, 2023, 2024, 2025 and 2026 fiscal years.
Programme Cost	UA 247.48 million, equivalent to EUR 297.05 million.
Borrower	Kingdom of Morocco
Programme Executing Agency	Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry (MAPMDREF) – Directorate of Irrigation and Agricultural Space Development – National Agricultural Advisory Board – Regional Agricultural Development Authorities – Regional and Provincial Directorates of Agriculture.
Financing Information	Bank Group financing of UA 95.00 million (equivalent to EUR 114.03 million). Counterpart contribution of UA 152.48 million (equivalent to EUR 183.02 million) The parallel co-financing of other development partners under the framework of the “Green Generation” RBF operation approved end-2020 is USD 250 million for the World Bank and USD 115 million from the French Development Agency (AFD).
Programme Description	
Programme Development Objectives	PADIDZAR will contribute to improving the quality of life for people in agricultural and rural areas, fostering the emergence of a new generation of an agricultural middle class, and building the resilience of Moroccan agriculture, particularly small-scale agriculture, to the effects of climate change.
Result Areas (Components)	The programme has the following three main result areas: (i) Development of more efficient, resilient and sustainable production systems with an allocation of EUR 62.71 million; (ii) Development of inclusive, efficient and sustainable value chains for EUR 28.51 million; and (iii) Building the institutional and sector capacity of the agricultural sector for EUR 22.81 million.
Disbursement-Linked Indicators	The disbursement of loan resources shall be subject to the achievement of outcomes assessed based on the following eight disbursement-linked indicators (DLIs): DLI.1 –Small- and medium-sized irrigated areas (SMIAs) covered by rehabilitated irrigation infrastructure; DLI.2 – Rehabilitated feeder roads serving SMIAs ; DLI.3 – Consultative process for enrolment of beneficiaries of the SMIAs ; DL.4 - <i>Khettaras</i> rehabilitated; DLI.5 – Cooperatives created under the programme; DLI.6 – Field schools (FFS) set up in regions under the programme; DLI.7 - Extension of the provisions of orders fixing Government assistance to irrigation facilities and improvements for agricultural properties; DLI.8 Protocol agreement between MAPMDREF - FECAM - GCAM-COMADER on the provision of special support to young agricultural entrepreneurs ; DLI.9 – Establishment and use under the SMI programme of standardized implementation report templates.
Alignment with the Bank’s Priorities	PADIDZAR is squarely in line with the “Green Generation Strategy 2020-2030” and the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027. It is consistent with the Bank Group’s top priority “Feed Africa” and will make it possible to adopt a value chain approach and implement several enablers such as (i) the improvement of productivity, (ii) the development of infrastructure, (iii) the improvement of the agro-industrial climate, and (iv) the inclusion, sustainability, nutrition and coordination of stakeholders. The programme also aligns with the Bank’s intervention strategy in Morocco (CSP 2017-2021) which, under Pillar II, aims to contribute to improving the quality of life by providing employment for people in vulnerable rural areas and building the resilience of Morocco’s agriculture to the effects of climate change. Furthermore, during the CSP mid-term review conducted in 2019, the Bank selected agriculture, agro-industry and digitization as priority thrusts areas for the remaining CSP period. PADIDZAR is in line with the Bank’s Gender Strategy 2021-2025, “Investing in Gender Equality for Africa’s Transformation”, particularly Pillar I “Empowering women through access to finance and markets” and Pillar 2 “Accelerating employability and job creation for women through skills enhancement”. It is also in keeping with the Jobs for Youth in Africa Strategy 2016-2025 and will contribute to implementing the “African Development Bank Group Water Strategy 2021-2025: Towards a Water Secure Africa”. Lastly, the programme is in keeping with the orientations of the Affirmative Finance Action for Women in Africa (AFAWA) programme, which promotes access to finance and technical support for women entrepreneurs.
Needs Assessment and Rationale	PADIDZAR is a results-based operation that is fully consistent with the “Green Generation Strategy 2020 2030” and the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027. Results-based financing (RBF) is the most suitable instrument for this type of operation. Firstly, PADIDZAR targets Moroccan regions concerned by SMIs, which is why it is decentralized by nature.

	<p>The seven regions targeted have a considerable small- and medium-sized irrigation potential with about 87% of irrigable areas. They are also the most affected by irrigation water scarcity and require the implementation of priority operations to sustain smallholder farming activities (in an inclusive manner). The RBF instrument was selected because it allows for a targeted, dynamic and decentralized rural development process by using the country procurement system and focusing on outcomes. Secondly, most of the proposed RBF programme activities have already been incorporated in the Moroccan Government's medium-term expenditure framework under the Green Generation Strategy and the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027. This programme will help to fast-track the transfer of resources allocated to the projects and reforms identified to ensure rapid and effective implementation and thus achieve development outcomes within a reasonable timeframe. Therefore, the programme is aligned with results-based management, which is one of the principles of the Organic Law on Finance adopted in 2015. Thirdly, PADIDZAR will co-finance operations jointly designed with other development partners to contribute significantly to the Government's new agricultural development strategy 2020-2030 implementation programme. In a complementary manner, the programme is co-financing another results-based programme funded by the World Bank and AFD. Furthermore, over the last two years, the Bank carried out several analytical studies that have helped to inform the design of this operation, namely: (i) "Opportunities for Rural Agro-industrial Development in Morocco: The Example of Rural Agro-industrial Zones (RAZs)": this study aimed to identify opportunities for setting up platforms for the development of agricultural products in rural areas to boost rural agro-industrial development in Morocco. The first phase of the study sought to analyse opportunities for boosting agricultural sub-sectors in the Loukkos and Doukkala pilot production basins located respectively in Tangiers-Tetouan-Al Hoceima and Casablanca-Settat regions; and (ii) COVID-19 Pandemic Management: Impact Study on Moroccan Agro-industry and Proposal of a Recovery Strategy. This study identified the socio-economic impact of the COVID-19 pandemic on the agro-food industry in terms of its dependence on imports and exports and - based on the impact analysis - developed policy recommendations to mitigate the impacts of the COVID-19 pandemic on the agro-food industry in the medium and long term.</p>
AID Harmonization/ Coordination	<p>The overall coordination of activities between donors in Morocco is highly satisfactory. It takes the form of formal frameworks for discussions and continuous dialogue with the Bank. The launching of the new agricultural development strategy dubbed "Green Generation Strategy 2020-2030" fostered the establishment of a consultation and coordination framework for providing technical and financial support for implementing this new strategy, particularly as part of the co-financing of new results-based financing programmes. The activities to be financed under PADIDZAR, which focus on rural development issues in vulnerable areas and resilience to the effects of climate change, constitute one of the components of a more comprehensive matrix of activities to support the implementation of the Green Generation Strategy as part of the results-based programme to which the World Bank and AFD are contributing USD 250 million and EUR 115 million, respectively. This programme comprises joint measures to ensure the complementarity of the actions of the two operations.</p>
Bank's Value Added	<p>This operation will enable the Bank to strengthen and leverage its expertise in two thrust areas in the agricultural sector in Morocco, namely (i) promotion of investment in the agricultural sector through the development of rural infrastructure (particularly irrigation infrastructure) and the inclusive development of value chains, and (ii) support for public policies in the agricultural sector for implementing the Green Morocco Plan and the Green Generation strategy. In this regard, PADIDZAR will build on the outcomes and lessons learned from previous reform support programmes, particularly the Green Morocco Plan Support Programme (PAPMV-1 and 2) implemented between 2012 and 2017 and the Inclusive and Sustainable Development Support Programme for Agricultural Sub-sectors (PADIDFA) executed between 2018 and 2019. From the investment viewpoint, the programme design tapped into lessons learned from Phases I and II of the National Irrigation Water Saving Programme Support Project (2009 and 2016). Therefore, the Bank's intervention through a results-based financing (RBF) operation, which combines investment and public policy support, will help to address agricultural sector priorities based on Government orientations by recommending the adoption of an approach for inclusive and sustainable development of agricultural and rural areas. The programme will also build on the experience of Bank-funded RBF programmes in Morocco in the social sectors, thus guaranteeing the judicious use of resources. Lastly, PADIDZAR will help to enhance efficiency and effectiveness by (i) working in synergy with the RBF programmes of the WB and AFD, with AfDB focusing on issues where it has proven expertise and comparative advantages, namely irrigation development, sustainable resource management in the agricultural sector, and agricultural</p>

	entrepreneurship, and (ii) focusing on geographical areas with the greatest small- and medium-sized irrigation potential.
Overall Risk Assessment	Moderate
Contribution to Gender Equality and Women's Empowerment	PADIDZAR is in line with the Bank's Gender Strategy 2021-2025, "Investing in Gender Equality for Africa's Transformation", particularly Pillar 1 "Empowering women through access to finance and markets" and Pillar 2 "Accelerating employability and job creation for women through skills enhancement". Its activities will help to facilitate women's access to factors of production and support for starting businesses in rural areas as well as for entrepreneurial capacity-building. The programme will also contribute to improving the entrepreneurial spirit and creating jobs for women and young people in rural areas by developing irrigation areas, structuring and creating entrepreneurial cooperatives and setting up young entrepreneurs. The rehabilitation of feeder roads will facilitate the marketing of agricultural products as well as other socio-cultural and economic exchanges. Moreover, the programme will facilitate the economic integration of women and young people in rural areas by developing bankable agricultural projects and providing support to set up agricultural enterprises. The Agricultural Advisory Board will support women producers to improve the production, processing and development of agricultural products through the organization of agricultural professional bodies. PADIDZAR is classified in Category 2, according to the Gender Marker System.
Contribution to Green Growth and Climate Change	With specific regard to climate change, the rehabilitation of small- and medium-sized irrigation areas and enhancement of the efficiency of traditional irrigation infrastructure by improving the management of water withdrawal upstream and reducing losses during its distribution in séguias will help to ensure the availability of water in farm plots and improve agricultural productivity and production in small- and medium-sized irrigation areas. Hence, PADIDZAR will contribute to mitigating the effects of climate change (CC) and provide a concrete response to variations caused by such effects in terms of rainfall and the duration of drought episodes that are more frequent and long-lasting these days. On climate change, it should be noted that the programme will help to achieve Stake 4: "Accelerate the implementation of the national policy concerning the fight against climate change" of the National Sustainable Development Strategy (SNDD 2030), thus aligning with the strategic thrusts that aim to (i) involve regions in the fight against global warming and (ii) improve climate governance.

RESULTS-BASED FRAMEWORK

A PROGRAMME INFORMATION

PROGRAMME NAME AND SAP CODE: Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR): P-MA-AA0-011	COUNTRY/REGION: KINGDOM OF MOROCCO / North Africa (RDGN)
PROGRAMME DEVELOPMENT OBJECTIVES: Contribute to improving the quality of life of people in vulnerable rural areas, fostering the emergence of a new generation of an agricultural middle class, and building the resilience of Moroccan agriculture to the effects of climate change.	
ALIGNMENT INDICATOR(S): Achieve the following outcomes by 2030 with 2020 as a baseline: (i) double agricultural GDP and agricultural exports; (ii) double the level of water efficiency; (iii) 400 000 middle-class households, with 3 to 4 million farmers benefiting from social protection; (iv) one million hectares of collective farms developed, with 350 000 new farmers and agricultural entrepreneurs and 150 000 young people trained; and (v) the value of 70% of production increased.	

B RESULTS MATRIX

RESULTS CHAIN AND DESCRIPTION OF INDICATORS	RMF /ADOA INDICATOR	UNIT OF MEASUREMENT	BASELINE (2020)	TARGET AT COMPLETION (2026)	MEANS OF VERIFICATION
OUTCOME 1: The efficiency and sustainability of irrigation infrastructure are improved in the face of climate change					
OUTCOME INDICATOR 1.1:	Improvement of the efficiency of small- and medium-sized irrigation areas rehabilitated under the programme	Percentage	0	20%	Monitoring and performance reports
OUTCOME INDICATOR 1.2:	Sustainability of irrigation services (area secured) in the programme impact area	Hectare	0	25 000	Monitoring and performance reports
OUTCOME INDICATOR 1.3:	Farmers in rehabilitated areas benefiting from an improved water supply	Number of farmers	0	5 000	Reports by works supervision entities
OUTCOME 2: Job creation and entrepreneurship development in rural areas are improved					
OUTCOME INDICATOR 2.1:	Improvement of the entrepreneurial spirit of members of cooperatives set up in the programme impact area	Number of members of cooperatives	0	200, 25% of them women	ONCA progress report
OUTCOME INDICATOR 2.2:	Direct additional working days created during the programme period (job creation and preservation) ¹	Number in thousand	0	1 200 (25% of them women)	Reports by works supervision entities
OUTPUT 1: Production systems are more efficient, resilient and sustainable					
OUTPUT 1.1: The preservation and sustainability of small- and medium-sized irrigation (SMI) areas are improved					
OUTPUT INDICATOR 1.1.1 :	Additional facilities rehabilitated in the programme impact area	Number of facilities	0	600	Monitoring and performance report - Works acceptance report
OUTPUT INDICATOR 1.1.2 :	Additional SMI areas covered by rehabilitated facilities	Number of SMIs	0	50	Monitoring and performance report
OUTPUT INDICATOR 1.1.3 :	Additional water points rehabilitated (livestock watering and/or irrigation)	Number of water points	0	50	Monitoring and performance report - Works acceptance report
OUTPUT INDICATOR 1.1.4 :	Feeder roads rehabilitated under the programme to serve SMI areas	Number of kilometres	0	50	Monitoring and performance report
OUTPUT INDICATOR 1.1.5 :	Consultative process for enrolment of beneficiaries of the	Number of SMIs where beneficiaries are consulted and	0	50	Minutes of enrolment sessions and commitment of beneficiaries of the

	SMIAs	engaged			SMIA schemes or AWUA
OUTPUT 1.2: The enhancement of the efficiency of irrigation infrastructure is sustained					
OUTPUT INDICATOR 1.2.1 :	Additional area covered with operational remote metering and management systems (Programme-WB-AFD)	Ha	0	11 800	Monitoring and performance report
OUTPUT 1.3: Climate change adaptation measures are sustained					
OUTPUT INDICATOR 1.3.1 :	Additional area conserved by water and soil conservation practices	Hectares protected	0	2500	Monitoring and performance report
OUTPUT INDICATOR 1.3.2 :	<i>Khetaras</i> rehabilitated	Number of <i>khetaras</i>	0	25	Monitoring and performance report
OUTPUT 2: Value chains are more inclusive, efficient and sustainable					
OUTPUT 2.1: The improvement of youth and women's economic inclusion and employability in rural areas is sustained					
OUTPUT INDICATOR 2.1.1:	Agricultural, semi-agricultural and processing project proposals by region/sub-sector developed	Yes/No	No	Yes	Agricultural, semi-agricultural and processing project proposals by region/sub-sector
OUTPUT INDICATOR 2.1.2:	Young people supported to set up agricultural and rural projects	Number of young people	0	400, 25% of them women	List of young people supported
OUTPUT 2.2: The integration of value chains in efficient and sustainable agricultural ecosystems (clusters) is strengthened					
OUTPUT INDICATOR 2.2.1:	Cooperatives created under the programme	Number of cooperatives	0	100, 25% of their members women	Progress reports
OUTPUT INDICATOR 2.2.1:	Male and female producers supported in SMI areas who benefited from agricultural advisory services for the optimization of irrigation water use.	Number of producers	0	1 500, 25% of them women	Progress reports
OUTPUT 2.3: Support for professional farmers' organizations is improved					
OUTPUT INDICATOR 2.3.1:	Professional farmer organizations supported by the agricultural advisory services (training, supervision, revitalization, etc.) under the programme	Number of professional farmer organizations	0	250, 25% of their members women	List of FOs/Progress reports
OUTPUT INDICATOR 2.3.2:	Farmer field schools (FFS) set up in SMI areas under the programme	Number of farmer field schools	0	10	Progress reports
OUTPUT 3: Institutional and sector capacity is built					
OUTPUT 3.1: The regulatory, institutional and policy framework for the promotion of SMI areas is established.					
OUTPUT INDICATOR 3.1.1:	Order extending the provisions of the Joint Order laying down the terms and conditions for government assistance for irrigation schemes and agricultural land improvement published	Yes/No	No	Yes	Copy of the Official Bulletin publishing the Order
OUTPUT INDICATOR 3.1.2:	Design of a plan to build the capacity of agricultural water users' associations (AWUAs) and promote best practices under the programme ⁽³⁾	Yes/No	No	Yes	Capacity Building Plan Implementation Report
OUTPUT INDICATOR 3.1.2:	Design of two feasibility studies on a draft public-private partnership (PPP) in the irrigation sub-sector	Number	0	2	Copy of the notification letters of approval for both contracts

	(Sidi Rahal and Gharb)				
II OUTPUT 3.2: The regulatory, institutional and policy framework for promoting agricultural and rural entrepreneurship for young people and women is established					
OUTPUT INDICATOR 3.2.1:	Signature of the protocol agreement between MAPMDREF - FECAM - GCAM-COMADER on the provision of special support to young agricultural entrepreneurs	Yes/No	No	Yes	Copy of the signed protocol agreement
III OUTPUT 3.3: The management and implementation capacity of actors is strengthened					
OUTPUT INDICATOR 3.3.1:	Mapping of irrigation programme risks (SMI component)	Yes/No	No	Yes	Risk mapping
OUTPUT INDICATOR 3.3.2:	Establishment and use of standardized implementation reporting templates for the SMI programme (contracting process, physical and financial monitoring of implementation, monitoring of any procurement complaints, etc.)	Yes/No	No	Yes	Standardized report templates
OUTPUT INDICATOR 3.3.3:	Pricing benchmark for major SMI facilities	Yes/No	No	Yes	Pricing benchmark
* 25% of the target at the end of the programme					

THE PROPOSAL

1. **Management submits this proposal to grant an AfDB loan of UA 95 million, or the equivalent of EUR 114.03 million, to the Kingdom of Morocco to finance the Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR).** This programme is a results-based financing (RBF) operation in keeping with the implementation of the new Green Generation Strategy (GGS) 2020-2030 approved in January 2020 to support the National Drinking Water Supply and Irrigation Programme 2020-2027 approved in January 2020.
2. **The programme is in line with the State's efforts to reduce poverty and promote inclusion in rural areas, where the poverty rate is twice as high as the national figure and where 79.4% of the poor reside (HCP, 2018).**
3. **In addition, climate change could affect agricultural production by modifying the availability of water and arable land, which in turn is likely to reduce the impact of policies aimed at ensuring the country's food security and self-sufficiency.** Given that rain-fed farming still accounts for 83% of agriculture, the country's agricultural productivity is highly sensitive to extreme weather events such as droughts which are expected to be more frequent and intense henceforth.
4. **Aware of these challenges, Morocco is promoting green growth and is committed to strengthening the resilience and adaptation of the rural population to climate change, initially through the implementation of the Green Morocco Plan (PMV) which was launched in 2008 and now through the Green Generation Strategy 2020-2030.** This strategy builds on the achievements of the Green Morocco Plan and is based on the adoption of a new, more inclusive and modern vision for the agricultural sector. It is expected to play a key role in reviving the rural economy. The new strategy is based on two main strategic pillars, namely: (i) enhancing the human element by promoting the emergence of a new generation of agricultural middle class (some 350 000 to 400 000 households), the advent and encouragement of a new generation of young entrepreneurs, especially through the development of one million hectares of collective land, the emergence of a new generation of farmers' organizations backed by vibrant industry sectors, and the implementation of a new generation of support mechanisms; and (ii) furthering agricultural development by consolidating the performance of agricultural value chains to double exports and agricultural GDP by 2030, and improve product distribution processes through the modernization of 12 wholesale markets and traditional markets.
5. **The Government also launched the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027 in January 2020.** This programme, whose cost is estimated at MAD 115 billion, is structured around five pillars, namely: (i) improving water supply, notably by building dams; (ii) managing demand and developing water mainly in the agricultural sector; (iii) increasing drinking water supply in rural areas; (iv) reusing treated wastewater in the irrigation of green areas; and (v) boosting communication and raising awareness concerning the importance of preserving and rationalizing the use of water resources.
6. **To support these strategies, PADIDZAR was prepared in collaboration with various technical and financial partners to contribute to the sustainable and inclusive social and economic development of agricultural and rural areas.** PADIDZAR's objectives are to contribute to improving the quality of life of people in agricultural and rural areas by promoting sustainable and inclusive development, fostering the emergence of an agricultural middle class and building the resilience of Moroccan agriculture, particularly small-scale agriculture, to the effects of climate change. The achievement of these objectives will hinge on the outcomes of previous Bank-funded programmes in the agricultural sector, especially the previous reform support programmes that made it possible to back up the implementation of the Green Morocco Plan – the Green Morocco Plan Support Programme (PAPMV- I and II 2012 and 2015) and the Inclusive and Sustainable Development Support Programme for Agricultural Sub-sectors (PADIDFA – 2018). PADIDZAR's design also considered the lessons learned from the investments made in the irrigation sub-sector by the National Irrigation Water Saving Programme Support Project (PAPNEEI- I and II 2009-2016). PADIDZAR will complement other results-based financing programmes, particularly that of the World Bank and the French Development Agency (AFD) approved on 12 November 2020.

I. STRATEGIC CONTEXT

1.1 Country Context

1.1.1. Political context: Morocco enjoys political and security stability and has implemented institutional, economic and social reforms since 2011. The new Constitution adopted in 2011 has strengthened political pluralism and individual freedoms. The regional and communal elections of September 2015 marked a milestone in the implementation of the decentralization process, as enshrined in the new Constitution. The 2021 parliamentary elections were held on 8 September 2021 to elect new members to the House of Representatives. Municipal and regional elections also took place on the same day.

1.1.2. Economic and social context: Morocco has made considerable progress in the social and economic domains over the last decade thanks to huge public investments as well as measures to ensure macroeconomic stability. For example, over the past decade, Morocco improved by more than 50 spots its position in the World Bank's Doing Business ranking. In 2020, it ranked 53rd out of 190 countries. The resulting accelerated growth has led to dramatic improvements towards eradicating extreme poverty, a sharp decline in the national poverty rate, increased life expectancy, and greater access to basic public services. During the 2000-2019 period, Morocco's real gross domestic product (GDP) per capita almost doubled from USD 1 727 to USD 2 948. The country succeeded in maintaining its macroeconomic balances during the same period (AEO, 2021)..

1.1.3. However, the economy of Morocco has experienced its first recession in more than two decades due to the COVID-19 pandemic coupled with drought. Before the crisis, the Ministry of Economy, Finance and Administrative Reform (MEFRA) forecast a real GDP growth rate of 3.7% in 2020 compared with 2.6% in 2019. However, the effects of the pandemic and drought led to the first recession since the eighties with a real GDP growth rate of -6.3%. In 2020, strict containment measures over a three-month period and the impact of drought on rural income slowed down domestic demand. On the supply side, the disruption of economic activity, particularly in the informal sector, exacerbated the decline in production. According to the High Commission for Planning, the informal sector accounts for 36% of non-agricultural jobs and 12.6% of national value-added.

1.1.4. Nevertheless, Morocco's current account deficit dropped by 2.2 GDP percentage points to 1.5% of GDP due to a higher decline in imports than in exports and a 5.3% increase in remittances from Moroccans resident abroad compared with 2019. The budget deficit increased twofold from 3.6% of GDP in 2019 to almost 7.6% after several years of fiscal consolidation. The need to finance the deficit increased borrowing, bringing the public debt to 76.4% of GDP, after having stabilised at around 65% from 2016. The International Monetary Fund (IMF) considers the country's debt to be sustainable, despite its growing sensitivity to shocks. The refinancing risk remains moderate due to the long maturity (more than seven years) and average cost (3.6%) of the debt (AEO, 2021).

1.1.5 In 2021, growth is expected to rebound to 4.8% (the MEFRA forecasts a 5.6% growth rate, which could be described as conservative given the results of the first two quarters of the year and the strong performance of all economic indicators at the end of August) (3.5% in 2022 - MEFRA expects 3.2%)) buoyed by a very successful farming season and the good performance of the energy, telecommunications, and extractive sectors. In 2021, household demand is expected to increase especially as a result of the deferment of consumption of durable goods in 2020 and the attendant increase in bank deposits. The establishment of the Mohamed VI Fund with a MAD 45 billion endowment (including MAD 15 billion from the State budget voted in December 2020) is expected to promote investment (AEO, 2021).

1.1.6 Socially, however, the pattern of growth has not been sufficiently inclusive, leaving rural areas behind and resulting in social and spatial disparities (education, health, employment and social protection). Poverty rates in rural areas remain twice as high as those at the national level, while the rural population accounts for 79.4% of the poor (HCP, 2018). Job creation in rural areas is also particularly weak, with inclusiveness and job quality posing significant challenges, especially for the youth, women and educated workers. Growing unemployment among young graduates is prompting some of them to leave the countryside or even to immigrate. Female labour force participation remains very low (25% in 2019), with women working predominantly in low productivity sectors and low-skill occupations (CESE, 2014).

1.1.7 The health crisis has evolved into an economic and employment crisis. In fact, according to the High Commission for Planning (HCP), the Moroccan economy lost 432 000 jobs in 2020. Furthermore, from an economic standpoint, the confinement of the population and cessation of many activities considered non-essential to contain the spread of the disease have seriously affected informal sector workers. This loss of jobs has mainly affected the agricultural, forestry and fisheries (273 000 jobs) and services (107 000 jobs) sectors, followed by the industrial sector, including handicrafts (37 000 jobs), and public works and civil engineering with 9 000 jobs (HCP 2021). The unemployment rate rose from 9.2% in 2019 to 11.9% in 2020 and remains very high among young people (31.2%), women (16.2%) and graduates (18.5%). This crisis has led to an increase in job insecurity with underemployment rising from 9.2% to 10.7% and a significant drop in working hours/week from 45.2 to 37.5, corresponding to nearly 2 million jobs. The reduction of work time for permanent workers has affected 84% of enterprises with a turnover of less than MAD 1 million, 81% of those with a turnover of MAD 1 to MAD 10 million¹ and 67% of enterprises with a turnover of more than MAD 10 million. The poverty rate, which was on a downward trend from 6.2 % in 2011 to 4.8 % in 2014 (HCP), was expected to rise by at least 1% in 2020.

1.1.8 Reducing these disparities by formulating a new inclusive development model was at the heart of the July 2019 Speech from the Throne. The New Development Model Commission mandated by His Majesty presented its findings in May 2021. The achievement of targeted development objectives by 2035 will transform Morocco into a *skilled-based, prosperous, inclusive, supportive and resilient* country. The generalization of social protection, including universal health insurance, pensions, unemployment insurance and family allowances should enable the Kingdom to enjoy strong, inclusive and resilient growth in the medium term.

1.1.9 Governance: according to the Ibrahim Index of African Governance (IIAG), whereas the African average for good governance declined by 0.2 points in 2019 compared to 2018, the Kingdom registered an improvement in its governance, moving from the 15th position in 2018 to the 10th position in 2019 out of 54 African countries. This reflects more than a decade of reforms in this domain. According to the IIAG, the most significant improvements were made in the sustainable economic development indicators with a +14.1% increase (including public management, structuring infrastructure development, business environment and rural development, whose indicator increased by 18.9% between 2007 and 2018 and for which Morocco is ranked third out of 54 countries). The public administration reform is one of the most important reforms being implemented. The National Administration Reform Plan (PNRA), which covers the 2018-2021 period, focuses on 4 complementary structural transformations, namely: (i) organizational transformation; (ii) managerial transformation; (iii) digital transformation; and (iv) ethical transformation.

1.2 Sector and Institutional Context

1.2.1 The agricultural sector holds enormous opportunities in terms of development and job creation through the structuring of value chains and product quality improvement. The sector employs 40% of the labour force at the national level and 75% in rural areas. Competitiveness gains are possible because the agricultural value chains are poorly developed and fragmented. Agricultural production is characterized by the coexistence of a large number of small-sized farms (70% of the 1.5 million farms have a surface area of less than 5 hectares), the low quality of their output, very limited market integration and a limited number of large farms with high value-added, whose output is mainly exported. The 1.5 million farms only account for 4% of exports while the agro-industrial sector, which is less labour-intensive (60 000 workers), accounts for 2%. Paradoxically, the coverage rate has declined since 1990, indicating an agricultural product deficit. Sector competitiveness has improved, thanks to the Green Morocco Plan. Since 2008, the plan has led to (i) an increase of 137 000 hectares in the irrigated surface area; and (ii) a 70% increase in fruit and vegetable production. Exports of agri-food products surged to over USD 5.57 billion in 2017, or an increase of 254% since 2001. Despite growing competition, especially from countries of the Mediterranean basin, Morocco is ranked among the world's ten leading exporters of several products (leading exporter of green beans, 4th largest exporter of tomatoes, 6th largest exporter of chillies, and 8th largest exporter of citrus fruits and red fruits). Nevertheless, Morocco's agricultural sector is facing two major structural challenges (AfDB, 2020).

1.2.2 Water management challenge: Morocco has a semi-arid climate with very irregular rainfall in space and time. This situation could worsen due to climate change, as the average temperature is expected to increase by 1.1 to 1.6°C and average rainfall could decrease by 14% by 2030. During the 1950-2010 period, the country's per capita water availability decreased by nearly 71.5%, below the water stress threshold (1 000 cubic metres/person/year), approaching the absolute

¹ Impact of the COVID-19 crisis on employment and VSME, AfDB/ILO, 2021

scarcity threshold (500 cubic metres/person/year). According to the World Bank, water availability in Morocco dropped from 3 500 cubic metres/person/year in 1960 to 730 cubic metres/person in 2005 and 645 cubic metres/person in 2015, well below the “water poverty level” of 1 000 cubic metres/person/year.

1.2.3 This situation has made the agricultural sector vulnerable to recurrent droughts and rising temperatures, resulting in significant variations in production in rain-fed farming areas, particularly in certain strategic sub-sectors (cereal, legume, oilseed, olive and other crops). This concerns rain-fed farming, but also irrigated farming which is of great economic importance. Although irrigation is practised on only 16% of farm acreage, it accounts for 75% of agricultural exports and more than 15% of the country’s exports. Climate change leads to overexploitation of groundwater resources which could also weaken irrigation systems if water sector governance is not improved. The decrease in rainfall, coupled with the intensification (duration and frequency) of extreme weather events (droughts and floods), affects groundwater recharge, reduces the availability of surface water and leads to the overexploitation of aquifers by producers. The combined effects of climate change and poor water management (limited surface water and overexploitation of groundwater resources) would lead to a drawdown and a drop in the level of water in reservoirs, and aquifers. This trend could eventually jeopardize the sustainability of irrigated farming in some regions, and cause the loss of agricultural jobs, resulting in the discontinuance of farming activities and encouraging rural-to-urban migration.

1.2.4. To ensure the sustainability and development of the agricultural sector in Morocco in the coming decades, it is necessary to adopt a sustainable water management policy and an investment programme to meet the growing demand for dwindling resources. It is necessary to ensure efficient management and use of water in agricultural production to create value-added and decent jobs in rural areas. In this respect, it is important to fast-track the financing of irrigation schemes to mobilize, manage and distribute agricultural water in major small- and medium-sized irrigation areas. It is also necessary to continue to strengthen the legal and institutional framework for the judicious management of agricultural water (agricultural water users’ associations – AWUAs, contracts for the development of groundwater resources, water conservation, use of non-conventional water especially treated wastewater, etc.).

1.2.5. The Drinking Water Supply and Irrigation Programme – PNAEPI 2020-2027 (MAD 115.4 billion) supplemented by the National Irrigation Water Saving Programme Support Project (PAPNEEI) and the Irrigation Extension Programme (PEI) have worked towards strengthening the resilience of the agricultural system by limiting its dependence on rainfall while promoting the efficient use of water resources by the sector. In this regard, to save water and mobilize additional resources, it is necessary to: (i) convert large-scale gravity and sprinkler irrigation systems into precision irrigation (localized and drip); (ii) mobilize non-conventional water resources through desalination and treated wastewater recycling – with the private sector playing a key role within the framework of PPPs; and (iii) use water meters and review pricing. The promotion of climate-smart solutions can play a key role in reducing the sector’s ecological footprint. These solutions involve, for example, developing smart water meters or using renewable energy for pumping (solar pumping). This trend could be bolstered by (i) promoting research and development activities in the public and private sectors; (ii) setting up mechanisms to encourage farmers to adopt such technologies (sensitization, counselling and training, financial incentives, etc.); (iii) promoting public-private partnerships, particularly regarding sea water desalination; and (iv) generalizing the use of meters and promoting the use of renewable energy. Efforts should be intensified to: (i) support research institutions and the private sector to develop and make water-saving technologies commercially viable; (ii) promote the adoption of new technologies by farmers; and (iii) support crop conversion (to meet crop needs).

1.2.6. *Productivity, value chain quality and inclusiveness challenge: the implementation of the Green Morocco Plan (PMV) has led to a significant increase in production and productivity, but value addition and marketing should be strengthened.* Despite the various measures taken (Law on industry sectors, Law on aggregation, Law on agricultural advisory services, research and development support, innovation support, setting up of agropoles, design of an agro-industrial strategy, etc.) to upgrade and modernize agricultural production sub-sectors, the need for further integration of upstream and downstream agricultural sub-sectors to promote the agricultural value chain, particularly in rural areas furthest from urban centres, has remained a major challenge for the sector. Growth projections for the agricultural sector in Morocco, the main job provider (about 40% of total jobs)¹, indicate that the sector has the potential to continue to achieve high growth rates as long as appropriate reforms and investments are pursued (IMF).

¹ This proportion is about 74% in rural areas, placing this sector at the centre of economic and social issues in rural areas.

1.2.7 The development of entrepreneurship in rural areas is one of the primary ways of addressing youth unemployment in these rural areas (25%, youths represent 17.3% of the rural population) and could help to reduce the economic impact of the COVID-19 crisis which has seriously affected the agricultural sector. Nevertheless, jobs in the agricultural sector should be created downstream of the agricultural value chain, while pursuing the structural transformation of the sector (as is the case in South Korea, India or Brazil). It is necessary to provide entrepreneurship support in rural areas through cooperatives to promote job creation and encourage self-employment. Such job opportunities are also more open and equitable for women who perform mainly family servitude and underpaid jobs on farms. They will also help to support generational transition or “succession” on farms and render the sector more attractive. In January 2020, the Government adopted the Integrated Entrepreneurship Support and Financing Programme (PIAFE) known as INTELAKA. The programme aims to facilitate the financing of about 13 500 very small enterprises (VSEs) each year thanks particularly to a credit-backed guaranteed loan with favourable terms (interest rate of 2% in urban areas and 1.75% in rural areas). This mechanism will facilitate access to financing by entrepreneurs in rural areas. This project will support the programme by strengthening the technical support provided to project promoters who may gain access to such financing instruments.

1.2.8 The Green Morocco Plan (2008-2020) was designed to support the structural transformation of the agricultural sector by addressing issues concerning (i) growth and competitiveness; (ii) inclusive development; and (iii) the resilience of the sector to the effects of rainfall and climate change. By combining reforms and investments for more than a decade, the PMV has helped to strengthen the resilience of the agricultural sector (to the effects of irregular rainfall and export market demand) through strategic agricultural sub-sector diversification and growth. Special mention should be made of the development of arboriculture (citrus, olives and dates), livestock farming and market gardening. Investments and reforms have helped to develop and mainstream upstream and downstream agricultural sub-sectors through the setting up of agropoles (Berkane, Fez-Meknes and Agadir), qualipoles and zoopoles (serving as agro-industrial sector quality control and skills training one-stop shops) and incorporation of producers into a group. Efforts have also been made to develop and promote efficient irrigation. They have led to a two-fold increase in exports and a structural change in the composition of agricultural GDP, making it less sensitive to climatic variations and reducing changes in the contribution of agricultural GDP to overall GDP.

1.2.9. The recommendation of a new development model by His Majesty King Mohamed VI in July 2019 led to the launching, in February 2020, of the “Green Generation” Agricultural Strategy (GGS) which replaces the PMV and places the farmer at the centre of its activities. In this respect, the GGS promotes (i) the emergence of an agricultural middle class by improving income, protecting farmers and encouraging the vocational integration of young people; and (ii) sustainable agricultural development. This new strategy builds on the achievements of the PMV which was evaluated in 2018 by the Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry. This evaluation underscored the need to: (i) better structure distribution channels; and (ii) increase value-added throughout the value chain

1.2.10 Meanwhile, MAPMDREF launched the National Drinking Water Supply and Irrigation Programme 2020-2027 in early 2020. This programme, whose cost is estimated at MAD 115 billion, is structured around five pillars, namely: (i) improving water supply, notably by building dams; (ii) managing demand and developing water mainly in the agricultural sector; (iii) increasing drinking water supply in rural areas; (iv) reusing treated wastewater in the irrigation of green areas; and (v) boosting communication and raising awareness concerning the importance of preserving and rationalizing the use of water resources. For its part, the National Irrigation Water Saving Programme will ensure the supply of irrigation water over an area of 510 000 hectares and benefit 160 000 people. This programme, whose total budget is MAD 14.7 billion, has three components, namely: (1) continuation of the implementation of the National Irrigation Water Saving Plan (MAD 9.5 billion) to convert traditional irrigation systems to drip irrigation systems. It will cover an additional area of 350 000 hectares, bringing the total area equipped with drip irrigation to about 940 000 hectares countrywide by 2027 and save more than 2.5 billion cubic metres of water annually; (2) continuation of the project to develop irrigation schemes to protect the Saïss plain, thus making it possible to preserve about 30 000 hectares of irrigated land through the construction of a supply canal and a water distribution network fed by the M’dez dam; and (3) development and modernization of small- and medium-sized irrigation systems, particularly in ecologically fragile areas (the Bank’s thrust and preferred target area).

1.2.11 The two strategies (GGS and the National Drinking Water Supply and Irrigation Programme) are a response to the COVID-19 and drought crises in recent years which have seriously affected employment, livelihoods and income in rural areas. It should be mentioned that the following actions will be instrumental in accelerating emergence

from the crises and building the resilience of the Moroccan economy: (i) prioritizing employment and entrepreneurship and social protection to foster the emergence of a rural agricultural middle class; (ii) strengthening agricultural value chains for export and domestic consumption to identify new economic opportunities while consolidating food security; (iii) accelerating the digitization process whose importance was underscored during the health crisis; and (iv) improving agricultural water management and access to reduce the impact of droughts on the standard of living of rural dwellers and food security.

1.3 Linkages with Bank Strategies

1.3.1 PADIDZAR is aligned with the Bank Group’s top priority “Feed Africa” and will help to adopt a value chain-based approach and implement many drivers such as (i) the improvement of productivity; (ii) the development of infrastructure; (iii) the improvement of the agro-industrial climate; and (iv) the inclusion, sustainability, nutrition and coordination of stakeholders. The programme also aligns with the Bank Group’s Ten-Year Strategy (2013-2022) as well as the COVID-19 Rapid Response Facility, particularly the Feed Africa Response to COVID-19. It is in line with the Multi-sector Nutrition Action Plan 2018-2025 which aims to improve the nutritional status of the population. It is also consistent with the Bank’s intervention strategy in Morocco (CSP 2017-2021) which, under Pillar II, aims to improve living conditions through jobs for people in vulnerable rural areas and to build the resilience of Moroccan agriculture to the effects of climate change. Furthermore, during the CSP mid-term review in 2019, the Bank selected agriculture, agro-industry and digitization as the priority thrusts areas for the remaining CSP period. PADIDZAR is in keeping with the Bank’s Gender Strategy 2021-2025, “Investing in Gender Equality for Africa’s Transformation”, particularly Pillar I “Empowering women through access to finance and markets” and Pillar 2 “Accelerating employability and job creation for women through skills enhancement”. It is also consistent with the Jobs for Youth in Africa Strategy 2016-2025 and will contribute to implementing the “African Development Bank Group Water Strategy 2021-2025: Towards a Water Secure Africa”. Lastly, the programme is in keeping with the orientations of the Affirmative Finance Action for Women in Africa (AFAWA) programme which promotes access to financing and technical support for women entrepreneurs.

1.3.2 PADIDZAR builds on the foundations of previous Bank-supported programmes such as (i) the National Irrigation Water Saving Programme Support Project (PAPNEEI 1- 2009) which aimed to build localized irrigation infrastructure and support the improvement of production in the 20 000-hectare impact areas of the Agricultural Development Offices of Loukkos, Tadla and Doukkala; (ii) the Green Morocco Plan Budget Support Programme - Phase 1 (2012) whose strategic objective was to contribute to enhancing agricultural sector competitiveness through the improvement of the business climate and sustainable management of agricultural water; (iii) the Green Morocco Plan Budget Support Programme - Phase 2 (2015) which helped to strengthen agricultural sector competitiveness so as to promote inclusive, gender-sensitive and green economic growth; (iv) the National Irrigation Water Saving Programme Support Project (PAPNEEI 2 - 2016) which is financing the development of localized irrigation infrastructure and supporting the improvement of production in the 26 000-hectare impact areas of the Agricultural Development Offices of Loukkos and Doukkala; and (v) the Inclusive and Sustainable Development Support Programme for Agricultural Sub-sectors (PADIDFA - 2018) aimed at enhancing agricultural sector competitiveness to achieve inclusive and sustainable economic growth by promoting value chains, creating jobs, improving the business climate, and ensuring the sustainable management of natural resources.

1.3.3 This operation also builds on the lessons learned from the RBF for the Programme for the Improvement of Access to Employment approved in 2018, the RBF for the Programme for the Improvement of Territorial Competitiveness approved in 2019, the Social Protection Improvement Support Programme, and previous programmes financed by the Bank. The main lessons learned so far regarding RBF concern the need to: (i) support the operation through a capacity building plan to bridge the gaps identified in the short and medium term and, thus, ensure the achievement of expected outcomes; (ii) update project teams and actors involved in the programme on results-based financing; (iii) adjust the advance amount to the implementation of investments; and (iv) ensure that the duration of the Bank-funded programme is consistent with the Government’s investment programme to achieve the expected outcomes. These lessons were reflected in PADIDZAR design. Other key lessons learned from previous programmes and reflected in PADIDZAR’s appraisal are: (i) the advantage of using RBF to ensure the achievement of tangible outcomes throughout the programme; and (ii) the need to focus on the seven regions with a high SMI potential based on the inventory of SMI areas conducted by the Directorate of Irrigation and Agricultural Space Development (DIAEA) in 2015-2016.

1.4 Rationale for Bank Involvement and Choice of Instrument

1.4.1 This results-based programme is fully in line with the “Green Generation Strategy 2020-2030” and the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027. Results-based financing (RBF) is the most suitable instrument for this type of operation for the following reasons:

- ➔ Firstly, PADIDZAR targets the regions concerned by SMI, which is why it is deconcentrated by nature. The seven regions targeted have the greatest SMI potential with about 86.7% of irrigable areas. They are also the most affected by irrigation water scarcity, necessitating the implementation of priority operations to ensure the sustainability of smallholder farming activities (in an inclusive manner). The RBF instrument was selected because it allows for a more targeted, dynamic and decentralised rural development by using the national procurement system and focusing on outcomes.
- ➔ Secondly, the bulk of proposed RBF programme activities have already been incorporated into the Government’s medium-term expenditure framework under the Green Generation Strategy and the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027. This programme will help to fast-track the transfer of resources to the projects and reforms identified to ensure rapid and effective implementation and, thus, achieve development outcomes within a reasonable timeframe. Therefore, the programme seeks to encourage the Government to achieve programme outcomes by linking disbursements to the achievement of tangible and verifiable outcomes with respect to the budget adopted.
- ➔ Thirdly, PADIDZAR will make it possible to co-finance operations jointly designed with other development partners to contribute significantly to the Government’s new Agricultural Development Strategy 2020-2030 implementation programme. The programme is co-financing, in a complementary manner, another results-based programme funded by the World Bank and the AFD.
- ➔ Lastly, the RBF instrument makes it possible to combine investment and reform operations.. RBF can support a structural investment programme (involving infrastructure and technical assistance) as well as regulatory and institutional reforms. It also allows for a flexible and adaptable disbursement schedule when outcomes are achieved and verified.

1.4.2. RBF will enable the Bank to subject its support to the outcomes of specific public expenditure programmes, thus encouraging governments to focus on outcomes rather than inputs and reorient development programmes towards outcomes and impacts. This instrument will enable the Bank to align its support directly with government programmes to improve existing systems, build capacity and partner with the Government and other technical and financial partners (TFPs), and also diversify financing instruments. Since disbursements are linked to pre-determined, tangible and independently verifiable outcomes, the Bank Group has the opportunity to leverage its expertise in achieving outcomes and can significantly enhance the sustainability of its impacts. This will help to make its assistance programme more effective, thereby improving the governance, efficiency and effectiveness of development programmes and promoting synergy with TFPs

II. PROGRAMME DESCRIPTION

2.1. Programme Scope

2.1.1 The Government’s Programme

2.1.1.1. PADIDZAR is fully aligned with the Government’s strategic orientations to address the country’s social and economic challenges. It is in keeping with the Kingdom’s new agricultural sector development strategy, dubbed Green Generation Strategy (GGS) 2020-2030. Following the outbreak of the COVID-19 crisis, the GGS is expected to play a key role in the development and resilience of the rural economy. The new strategy is based on two strategic pillars, namely: (i) enhancing the human element by promoting the emergence of a new generation of agricultural middle class (some 350 000 to 400 000 households), the advent and encouragement of a new generation of young entrepreneurs, especially through the development of one million hectares of collective land, the emergence of a new generation of farmers’ organizations backed by vibrant industry sectors, and the implementation of a new generation of support mechanisms; and (ii) furthering agricultural development by consolidating the performance of agricultural value chains to double exports and agricultural GDP by 2030 and improve product distribution processes through the modernization of 12 wholesale and traditional markets. To implement this strategy, it will be necessary to increase the sector’s budget by about 2.5% every year from 2020. The programme also seeks to consolidate the Government’s efforts to implement reforms both in terms of strategic planning through the National Strategy for the Development of Rural and Mountain Areas (SNDERZM), the

governance framework through the establishment of the Permanent Inter-ministerial Commission for the Development of Rural and Mountain Areas (CIPDERZM), and financing levers by setting up the Rural and Mountain Areas Development Fund (FDRZM).

2.1.1.2. This programme is also in keeping with the National Drinking Water Supply and Irrigation Programme (PNAEPI) 2020-2027. The programme will develop and rehabilitate small- and medium-sized irrigation areas to improve the efficiency of traditional irrigation infrastructure by increasing the quantity of upstream water intake and reducing water loss during conveyance to séguías, thereby ensuring the availability of water in farm plots and, hence, improving agricultural productivity and production in SMI areas. These programmes also serve as a lever for spatial planning and development of vulnerable rural areas and a factor for reducing social and regional disparities, particularly by improving the income and, consequently, the living conditions of smallholder farmers (farm area of less than 5 hectares).

2.2 The Bank-funded PADIDZAR

2.2.1 Programme Description

2.2.1.1. Programme objectives: the development objectives of this operation are to contribute to improving the quality of life of people in vulnerable agricultural and rural areas, fostering the emergence of a new agricultural middle class, and building the resilience of Moroccan agriculture, particularly small-scale agriculture, to the effects of climate change.

2.2.1.2 Programme duration and cost: PADIDZAR will be implemented over six years (2021-2026). The Bank financing requested by the Kingdom of Morocco is UA 95 million (EUR 114.03 million), which represents 38% of the total programme cost of UA 247.48 million. The remaining amount of UA 152.48 million will be financed by the Government. Furthermore, this financing adds to the USD 250 million provided by the World Bank and USD 115 million by the French Development Agency (AFD) to support the implementation of the Green Generation Strategy approved at end-2020.

2.2.1.3. The Government requested the Bank to finance part of its programme as presented in point 2.1. In this connection, the priorities retained under the programmes were jointly defined with MAPMDREF and MEFRA and shared with the various development partners, particularly the WB, the AFD and the EU.

2.2.2 Programme Activities

A). RESULT AREA 1: MORE EFFICIENT, RESILIENT AND SUSTAINABLE PRODUCTION SYSTEMS

The programme aims to contribute to developing more efficient, resilient and sustainable production systems, particularly in vulnerable rural areas, especially by safeguarding and ensuring the sustainability of small- and medium-sized irrigation (SMI) areas, improving the efficiency of irrigation infrastructure, building the resilience of small-scale agriculture to the effects of climate change, and combating desertification and the loss of farmland. The programme activities to be implemented in these areas will serve as a key lever for sustaining small-scale agriculture through the establishment of wealth- and job-generating socio-economic development poles in the areas as well as in douars and surrounding areas. The activities are also expected to contribute to providing ecosystem services by helping to promote natural resource and biodiversity conservation and acting as barriers against desertification in oases. Specifically, the programme will help to:

- (i) **Safeguard and ensure the sustainability of SMI areas.** The rehabilitation and upgrading of SMI areas involve a wide range of development and rehabilitation works, particularly (a) the improvement of water catchments (springs and water diversion); (b) the rehabilitation of diversion dams; (c) the lining of earth canals; (d) the rehabilitation of watering points; and (e) the stabilization of traffic and access routes to irrigation areas;
- (ii) **Enhance the efficiency of irrigation infrastructure.** This activity will contribute to improving the efficiency of irrigation networks on rehabilitated SMI areas, reducing water losses and expanding service coverage (number of producers downstream) by setting up remote metering and management systems (in large-scale hydro systems).
- (iii) **Involvement of programme beneficiaries.** This activity seeks to organize a consultative process among beneficiaries of SMI schemes to ensure programme ownership and farmers' commitment.
- (iv) **Improve adaptation to climate change.** The programme activities will contribute to promoting the conservation of natural resources, water and soil and the rehabilitation of existing *khettaras* which are now part of the national heritage that must be preserved¹.

¹ Expertise on *khettaras* is in the UNESCO Intangible Cultural Heritage List.

B) RESULT AREA 2: INCLUSIVE, EFFICIENT AND SU SUSTAINABLE VALUE CHAINS

The programme aims to contribute to integrating smallholder producers in vulnerable rural areas into value chains and to improving their organization. The integration of smallholder producers in value chains will be beneficial to producers themselves and all value chain components and, thus, contribute to improving their performance and sustainability. The programme will support the emergence of a new generation of young agricultural entrepreneurs which is one of the main levers of the Green Generation Strategy. It aims to make the rural economy more attractive to young people (by paying particular attention to women, the supervision of young people, the promotion of the entrepreneurial spirit, and support for digitization initiatives) and to build the capacity of support institutions (public and private) to improve the quality of their services and/or develop new services (by taking advantage of digital technologies and climate-smart agriculture). The Programme will contribute to:

- (v) **Improving the economic inclusion and employability of young people and women.** Firstly, this will involve identifying ideas and opportunities for agricultural, semi-agricultural and agricultural product processing projects in the programme impact area. This activity will provide a bank of ideas and a mapping of agricultural projects structured around ecosystems and integrated value chains. Based on this, the identification of opportunities will be strengthened by a territorial diagnosis of value chains conducted in consultation with industry and social and territorial development actors concerned. Secondly, this will involve supporting young people and women entrepreneurs operating in rural areas. The young people and women selected will receive individualized support for the implementation of their entrepreneurial projects. This support will include providing counselling and supervising young people and women in rural areas in the various steps involved in starting their businesses (pre-start). They will also benefit from post-start support through counselling on management aspects, post-installation financing, marketing and market access, etc.
- (vi) **Integrating value chains into efficient and sustainable agricultural ecosystems (clusters).** This will involve providing support for establishing entrepreneurial cooperatives and agricultural, semi-agricultural service and value addition businesses. This support will be based on an integrated value chain development approach, thereby promoting synergy and complementarity between various activities (clusters) and better synergy and networking.
- (vii) **Improving professional organization.** This will involve supporting the professional organization of producer groups through supervision and counselling. It will also entail revitalizing existing professional organizations.

C) RESULT AREA 3: STRENGTHENED INSTITUTIONAL AND SECTOR CAPACITY

The Programme will contribute to building sector and institutional capacity to improve the management and implementation capacity of actors involved in programme implementation and to accelerate the implementation of key reforms. The approach adopted consisted in integrating related activities of:

- (viii) **Consolidation of the regulatory framework on water conservation incentives** by extending the provisions of the decree on state aid for irrigation development and agricultural property improvements;
- (ix) **Building the management and implementation capacity of actors involved in programme implementation**, particularly by (i) mapping irrigation programme risks (SMI component); (ii) developing new report templates and tools for programme activities (for example, standard BDs, report templates and frequency, etc.); and (iii) drawing up the price benchmark of key SMI facilities.

Table 4: Scope of Result Areas

EXPECTED OUTCOMES	GEOGRAPHICAL SCOPE
Result Area 1: More efficient, resilient and sustainable production systems	
<ul style="list-style-type: none">• Preservation and sustainability of small- and medium-sized irrigation (SMI) areas are improved.	7 (seven) regions with a high SMI potential: Draa Tafilalet, Béni Mellal Khénifra, Fès Meknès, Marrakech Safi, Oriental, Souss Massa and Tanger Tétouan El Hoceima
<ul style="list-style-type: none">• Enhancement of efficiency of irrigation infrastructure is sustained.	
<ul style="list-style-type: none">• Climate change adaptation measures are supported.	
Result Area 2: Inclusive, efficient and sustainable value chains	
<ul style="list-style-type: none">• The improvement of the economic inclusion and employability of young people and women in rural areas is supported.	7 (seven) regions with a high SMI potential: Draa Tafilalet, Béni Mellal Khénifra, Fès Meknès, Marrakech Safi, Oriental, Souss Massa and Tanger Tétouan El Hoceima
<ul style="list-style-type: none">• The integration of value chains into efficient and sustainable agricultural ecosystems (clusters) is strengthened.	
<ul style="list-style-type: none">• Support for professional organizations is improved.	
Result Area 3: Strengthened institutional and sector capacity	
<ul style="list-style-type: none">• The regulatory, institutional and policy framework for the promotion of SMI is established.	Nationwide
<ul style="list-style-type: none">• The regulatory, institutional and policy framework governing the promotion of agricultural and rural entrepreneurship is strengthened.	
<ul style="list-style-type: none">• The management and implementation capacity of actors is improved.	

2.2.3 Programme Beneficiaries

The programme activities will benefit a wide range of people in vulnerable rural areas, particularly through the opening up of the douars concerned by developing and rehabilitating SMI areas as well as the opening up and stabilization of traffic and access routes to the areas. The programme will include activities specifically aimed at strengthening the resilience of smallholder farmers to (i) cope with the effects of water scarcity by safeguarding and ensuring that the water mobilization structures and séguías in existing irrigation areas are maintained in good working order, and also by building new structures over an area of 30 000 hectares; (ii) improve their productivity and yields by adopting climate-resilient farming practices while reducing waste; and (iii) improve their income and the living conditions of a group of vulnerable farmers (14 000 farms). The programme also aims to promote the economic inclusion of young people and women in rural areas through various agricultural and rural entrepreneurship support activities. Sector and institutional actors will also benefit from support to build their implementation capacity.

2.2.4 Programme Financing

The total programme cost is estimated at EUR 297.05 million. The Moroccan Government will mobilize the resources needed to finance this programme. The Bank will contribute EUR 114.03 million, representing about 38% of the total

Table 5: Total Financing Envisaged for the RBF Programme			
Source of Financing	Amount in UA million	Amount in EUR million	Percentage of Total
Government	152.48	183.02	62%
Bank (AfDB Window)	95.00	114.03	38%
Total programme financing	247.48	297.05	100%

cost of the programme which is fully in line with the Operational Guidelines on the Implementation of the Bank Group's Results-Based Financing Policy. The co-financing of other partners to support the implementation of the Green Generation Strategy 2020-2030 stands at USD 250 million for the World Bank and USD 115 million for the French Development Agency (AFD).

2.3 Main Programme Outcomes and Disbursement Indicators

2.3.1. The disbursement of loan resources shall be subject to the achievement of agreed outcomes based on the disbursement-linked indicators (DLIs) derived from the results framework. The DLIs were selected depending on their weight and main programme deadlines. Though the selected DLIs concern outcome indicators, they focus more on outputs and processes, thus providing information on overall programme performance at all times. The DLIs were selected based

on three main criteria, namely: (i) relevance and direct contribution to the programme's development objectives; (ii) measurability and practicality; and (iii) consistency with the results chain

2.3.2. **Results chain and DLI:** Summary Table 6 below presents the results chain. It lists sector challenges and specifies the relevant results, indicators and activities to be implemented to achieve PADIDZAR's development goal. Nine (9) DLIs were selected, and loan resources allocated based on the nature of DLIs (with the prioritization of outcome DLIs) and the amount required to achieve set targets. The resources allocated for each DLI were then subdivided according to the corresponding fiscal years and DLI components. Disbursement will be flexible and based on performance.

Table 6: Results Chain

RESULT AREA	ACTIVITIES	ILD
Result Area 1: More efficient, resilient and sustainable production systems		
The preservation and sustainability of small- and medium-sized irrigation (SMI) areas are improved.	<ul style="list-style-type: none"> Rehabilitation of water mobilization facilities to ensure their sustainability (<i>séguia</i>, <i>khattara</i>, diversion sills, etc.) 	
	<ul style="list-style-type: none"> Rehabilitation of SMI areas 	DLI.1: SMI areas equipped with rehabilitated facilities
	<ul style="list-style-type: none"> Rehabilitation of water points for livestock watering and/or irrigation 	
	<ul style="list-style-type: none"> Rehabilitation of feeder roads under SMI projects 	DLI.2: Feeder roads rehabilitated to serve SMI areas (in number of kilometres)
	<ul style="list-style-type: none"> Mobilization and enrolment of beneficiaries of SMI schemes 	DLI.3: – Consultative process for enrolment of beneficiaries of SMAs
The enhancement of the efficiency of irrigation infrastructure is sustained.	<ul style="list-style-type: none"> Equipping an area of 11 800 hectares with remote metering and management systems (PFR-WB-AFD) 	
Adaptation to climate change is improved.	<ul style="list-style-type: none"> Provision of agricultural advisory services to promote the adoption of water and soil conservation practices 	
	<ul style="list-style-type: none"> Rehabilitation of <i>khattaras</i> 	DLI.4: Number of <i>khattaras</i> rehabilitated
Result Area 2: Inclusive, efficient and sustainable value chains		
The improvement of the economic inclusion and employability of young people and women in rural areas is supported.	<ul style="list-style-type: none"> Identification of ideas and opportunities for agricultural, semi-agricultural and processing projects in the programme impact area 	
	<ul style="list-style-type: none"> Communication about opportunities for projects targeting young people and women in rural areas 	
	<ul style="list-style-type: none"> Launching of calls for expression of interest for the identification of young people and women to be supported 	
	<ul style="list-style-type: none"> Provision of support to young people to design agricultural and rural projects 	
The integration of value chains into efficient and sustainable agricultural ecosystems (clusters) is strengthened.	<ul style="list-style-type: none"> Support for the setting up of cooperatives, and agricultural and semi-agricultural service and processing enterprises 	DLI.5: Cooperatives set up under the programme
	<ul style="list-style-type: none"> Number of male and female producers supported in SMI areas 	
Support for professional organizations is improved.	<ul style="list-style-type: none"> Support of professional organizations and producer groups through supervision and counselling 	
	<ul style="list-style-type: none"> Number of farmer field schools (FFS) set up in SMI areas under the programme 	DLI.6: Farmer field schools set up under the programme in targeted regions
Result Area 3: Strengthened institutional and sector capacity		
The regulatory, institutional and policy framework for the promotion of SMI is strengthened.	<ul style="list-style-type: none"> Extension and publication of the order fixing State assistance for irrigation facilities and agricultural property improvements. 	DLI.7: Extension of the provisions of orders fixing Government assistance to irrigation facilities and improvements for agricultural properties
	<ul style="list-style-type: none"> Design of a plan to build the capacity of agricultural water users' associations (AWUAs) and promote best practices within the framework of the programme 	
	<ul style="list-style-type: none"> Design of two feasibility studies on a draft public-private partnership (PPP) in irrigation (Sidi Rahal and Gharb). 	
Support for the regulatory, institutional and policy framework governing the promotion of agricultural and rural entrepreneurship for young people	<ul style="list-style-type: none"> Signing of protocol agreements between MAPMDREF- FECAM - GCAM-COMADER on the implementation of special support for young agricultural entrepreneurs 	DLI.8: Protocol agreement between MAPMDREF - FECAM - GCAM-COMADER on the provision of special support to young agricultural entrepreneurs

RESULT AREA	ACTIVITIES	ILD
and women is provided		
The management and implementation capacity of actors is improved.	<ul style="list-style-type: none"> Mapping of irrigation programme risks (SMI component). 	DLI.9: Establishment and use of standardized implementation report templates under the SMI programme.
	<ul style="list-style-type: none"> Establishment and use within the framework of the SMI programme of standardized implementation report templates (contracting process, physical and financial implementation oversight, follow up of any procurement-related complaints, etc.). 	
	<ul style="list-style-type: none"> Preparation of a pricing benchmark for major SMI facilities. 	

III. PROGRAMME IMPLEMENTATION

3.1. Institutional and Implementation Arrangements

3.1.1. The Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry will be responsible for the implementation and monitoring of the agreed programme of investments and institutional and sector reforms to achieve the sector outcomes set by the programme, in coordination with the Ministry of Economy, Finance and Administrative Reform (MEFRA). The programme will be coordinated: (i) At the central level, by a National Steering Committee (NSC) to be set up. This committee's task mission will be to oversee the general management of the programme, assess the progress of programme activities, and provide solutions to any problems and risks that may hinder its smooth implementation. The committee will ensure that programme activities are consistent with the Government's sector strategies (Green Generation Plan, National Drinking Water Supply and Irrigation Programme, etc.). This committee, which will be chaired by the Secretary-General of the Agriculture Department of MAPMDREF or their representative, will be composed of the representatives of MEFRA, Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry – MAPMDREF (DIAEA, DSS and DF) and the National Agricultural Advisory Board (ONCA). It will meet at least once a year; and (ii) At the regional level, by a Regional Coordination Committee (RCC) to be set up in each region concerned by the programme. This committee will be chaired by the Director of the Regional Agricultural Development Authority (ORMVA)/Regional Directorate of Agriculture (DRA) concerned and include the representatives of the ORMVA, the DRA/DPA and the Regional Directorate of Agricultural Advisory Services (DRCA). It will meet at least twice yearly.

3.2. Outcome Monitoring and Evaluation

3.2.1 A National Steering Committee (NSC) will coordinate and ensure the smooth execution of the Programme. The operational implementation of the programme at the central level will be monitored and coordinated by the Programme Management Unit (PMU) housed in the Directorate of Irrigation and Agricultural Space Development (DIAEA). The PMU will validate annual work plans and their corresponding budgets, progress reports and the outcomes achieved in terms of works and activities and the implementation of the environmental and social action plan, approve, validate and decide on the various technical solutions proposed, as well as review and adjust the programme budget. The PMU will supervise the implementation of the programme and transmit documents to the AfDB through MEFRA. The General Inspectorate (IGA) of MAPMDREF will be responsible for verifying DLIs. At the regional level, the Regional Project Management Units (RPMU) will be responsible for implementing the activities of this programme. Capacity-building activities will also be implemented subsidiarily depending on the needs identified and the availability of human and material resources. As necessary, the PMU coordinator will be assisted by a technical assistance staff to consolidate the management of the Programme.

3.2.2. A Regional Project Management Unit (RPMU) headed by the Director of DRA, assisted by a Regional Coordinator and a Regional Coordination Committee (RCC) comprising stakeholders will be responsible for the operational management of the programme in each region. The RPMU will include the Directors of the Regional Agricultural Development Authorities (ORMVAs) and DRA/DPAs concerned by this programme and a representative of the representative of the Regional Director for Agricultural Extension Services (DRCA). It will coordinate all the institutional, administrative, technical, accounting and financial activities implemented under the programme at the regional level. The RPMU will coordinate programme activities in conjunction with all stakeholders at regional level and the DIAEA. The Coordinator of the RPMU will be assisted by a multidisciplinary technical assistance (TA) team and support staff from the ORMVA or DRA/DPA concerned by the programme implementation.

3.2.3 Under DIAEA's supervision, the PMU, in coordination with the RPMUs, will centralize data, conduct monitoring-evaluation and consolidate the information in reports. These consolidated reports will be made available to MEFRA, which will in turn transmit them to the Bank. Therefore, the Government and the Bank will be

fully informed about the programme implementation status through the half-yearly progress reports and the annual audit reports submitted regularly by PMUs. A supervision mission will be fielded at least twice a year. Such regular monitoring missions will, through meetings, technical visits and data analysis, enable the exchange of information with various stakeholders on the implementation status, the challenges faced and workable solutions. The Bank team will contribute to monitoring and coordinating the implementation of the programme. It will field an initial supervision mission three months after the start-up of the programme to review the operation's monitoring framework based on the performance indicators defined beforehand and the matrix of DLIs agreed upon with the Government. The supervision missions will then be fielded at half-yearly intervals to monitor the implementation of programme activities and their outcomes on the ground. A mid-term review will be conducted at the end of the second year of programme implementation and a completion report prepared at the end of the operation. Recommendations from the various reports must be considered on time, lessons learned, and best practices shared.

3.2.4 This mechanism is consistent with the performance monitoring system established by the Government as part of the design and implementation of performance-based projects (PBP) in line with sector strategies. Most PADIDZAR indicators are drawn directly from these results frameworks which enable the harmonization of indicators with methods of calculation, while facilitating the collection of data yearly. This PBP monitoring system also allows for the continuous update of three-year budget programming and close monitoring of budget execution during each fiscal year. The monitoring system is closely linked to the performance-based programme (PBP) results framework, thus enabling the monitoring of PADIDZAR's activities, outputs and outcomes.

3.2.5. It should be noted that the Bank's Office in Morocco will play a leading role in closely monitoring the programme and maintaining dialogue with the Moroccan authorities on ongoing sector reforms and the programme's performance.

3.3. Disbursement Arrangements and Verification Protocol

3.3.1. Disbursement Arrangements

3.3.1.1. Disbursements will be made in line with results-based financing (RBF) procedures. The disbursement of Bank financing will be contingent on the attainment of disbursement-linked indicators (DLIs) that measure the level of achievement of the programme's development objectives. The General Inspectorate of Agriculture will verify the achievement of disbursement-linked indicators. Resources will be disbursed directly to the Treasury of the Kingdom of Morocco. To this end, MEFRA will prepare and submit a formal disbursement request to the Bank according to the disbursement schedule adopted based on the annual disbursement thresholds set in the Operational Guidelines on the Implementation of the Bank Group's Results-Based Financing Policy. The disbursement request file will include justification for the payment of funds such as the disbursement-linked indicator verification report.

3.3.1.2 Thus, based on the operation's investment programme agreed upon with the Government, PADIDZAR is eligible for advance financing to enable the Government to launch the preliminary programme implementation activities requiring start-up investments (rehabilitation works, head ditches, pumping station, storage pond and development of access roads). The disbursement of this advance is subject to a request submitted to the Bank by the Government. The RBF provides for prior results-based disbursement - DLI.7 and DLI.8 - in 2021 amounting to about EUR 17.10 million, or 15% of the total loan amount. Thus, the advance may not exceed 15% of the total loan amount, in keeping with RBF requirements (the cumulative amount of prior results financing and revolving advances may not exceed 30% of the RBF operation). Disbursement requests will then be submitted to the Bank on an annual basis as the set results are achieved, based on the recommendations of the verification report confirming the achievement of disbursement-linked indicators. The task of verifying results will be entrusted to verification entities (IG-MAPMDREF). The baselines, annual targets, conditions for achievement, advances, achievement timeframes and amount to be disbursed for each DLI are defined in the verification protocol presented in Technical Annex 2b. Where the results presented by verification entities are not substantiated by the report findings, the verification report will be reviewed together with the entities concerned by the relevant DLIs verified before it is submitted to the Bank. MEFRA will submit to the Bank the final verification report, including any feedback from the said entities. The Bank will give its approval if the objectives were achieved based on its compliance analysis of the results presented and will decide on the amount to be disbursed.

3.3.1.3. Flow of funds: a EUR account has been opened at Bank Al Maghrib under the Treasury of the Kingdom of Morocco to receive the Bank's loan resources. Payments will be made on a pro-rata basis in line with the level of

achievement of the targets set. Unpaid amounts for unattained DLIs will be subject to a specific disbursement request when they are attained or paid in combination with the next payment tranche. All expenditure will be entered in the country's financial management system and reflected in the budget of the entities involved in PADIDZAR implementation.

3.3.1.4. Balance reimbursement: at the end of the loan closure audit, any surplus of disbursed funds over actual expenditures recorded by the programme must be reimbursed to the Bank within six months of the last disbursement.

3.3.2. Programme Verification Protocol

3.3.2.1 The General Inspectorate of Agriculture (IGA) of MAPMDREF will be responsible for the verification of DLIs. It will also be responsible for the verification of PADIDZAR activities. It will operate independently of Project Implementation Units and have easy access to information sources and various relevant documents. It will serve as the technical DLI verification entity for MAPMDREF and bodies under its supervisory authority. It is performing this role for a similar programme financed by the World Bank. This arrangement will be complemented by field visits to the regions targeted by PADIDZAR. The IGA will check in particular the accuracy of the data submitted, the reliability of the databases and monitoring arrangements put in place, and all DLIs based on the verification protocol.

3.4. Programme Financing and Expenditure Framework

3.4.1 A total of UA 247.48 million will be needed to implement this programme. The Moroccan Government will mobilize the resources needed to finance the programme. The Bank will contribute UA 95 million, i.e. about 38% of the total cost of the programme, which squares with the Bank's Results-Based Financing (RBF) guidelines.

Table 4: Programme Financing

Category of financing	Total Cost of the Government's Programme		Observations
	Cost (in EUR million)	%	
Government financing	1183.02	62%	
RBF by the Bank	114.03	38%	Compliant with Bank/RBF guidelines
TOTAL	297.05	100%	

IV. APPRAISAL SUMMARY

4.1. Technical Appraisal

4.1.1. Strategic relevance

4.1.1.1 PADIDZAR's implementation is in line with the Kingdom's new agricultural sector development strategy known as Green Generation Strategy (GGS) 2020-2030 and the National Water Supply and Irrigation Programme 2020-2027 and builds on the achievements of the Bank's previous programmes in the agricultural sector. It will help to address some of the issues identified, particularly improvement of the quality of life for people in vulnerable rural areas and building of the resilience of Moroccan agriculture, especially small-scale agriculture, to the effects of climate change.

4.1.1.2 Geographically, the programme impact area will comprise seven (7) regions with a high SMI potential covered by the sub-component of PNAEPI focusing on the development and rehabilitation of SMI areas, namely the regions of Draa Tafilalet, Beni Mellal Khénifra, Fez Meknes, Marrakech Safi, Oriental, Souss Massa and Tangier Tetouan El Hoceima. These regions have the greatest SMI potential with about 87% of irrigable areas dominated by small farms. They are also the hardest hit by irrigation water scarcity, necessitating the implementation of priority operations to sustain the activities of smallholder farmers, fragile ecosystems and the national heritage (Khetar, oases, etc.).

4.1.2. Technical Reliability

4.1.2.1 The adoption of sector performance plans (SPPs) based on three-year budget expenditure planning (TBP) and a results assessment framework is an important institutional arrangement for PADIDZAR's implementation. MAPMDREF has already started implementing a results-based programme with the World Bank. The soundness of the technical approach of the Government's programme is enhanced by: (i) the existence of transparent public finance systems; (ii) the credibility of budget; and (iii) the inclusion of PADIDZAR's activities in the TBP framework. However, additional

measures should be taken to ensure proper programme implementation and monitoring. The implementation of the programme's capacity building plan will help to upgrade the skills of key actors, in keeping with the requirements of the financing instrument used. Depending on the needs identified, the Bank will organize training sessions on financial management, disbursement and DLI monitoring.

4.1.3. Results Framework

4.1.3.1. The results framework outlining PADIDZAR's main expected outputs and outcomes also highlights the expected key outcomes, the investment programme and Government incentives to accelerate the implementation of agreed activities.

4.2. Programme Economic Assessment

4.2.1 **PADIDZAR economic analysis shows that the planned activities related to the development of irrigation schemes in the SMI areas affected by climate change are economically profitable and socially justified, as shown in the table below.** Besides improving irrigation in the SMI areas developed by reducing water loss in séguías and promoting water efficiency, the programme will support smallholder producers in vulnerable rural areas by helping to foster a new generation of agro-entrepreneurs (men and women) inclusively integrated into value chains. This will be achieved by providing personalized support to enable them to identify project opportunities, develop business plans, design projects and organize themselves into cooperative and professional entities capable of enhancing their performance and sustainability.

Indicators	Without-programme Situation	With-programme Situation
Value of production in MAD thousand	137 630	440.460
Average gross crop margin per hectare in MAD	3 480	6.930
Income for a standard farm of 1.9 hectares	6 415	12 775
Enhancement of the efficiency of irrigation and fulfilment of irrigators' needs	-	+20%
Improvement of the irrigation and water service network	-	Network modernized and monitored in real time (remote metering and management)
Creation of additional jobs in 1 000 days	0	+1.200
Setting up of young entrepreneurs (women and men)	-	400
Creation of new cooperatives	0	100
Professional organizations strengthened by agricultural advisory services	-	250

4.2.2 **Through the activities implemented in the seven rural regions, PADIDZAR will help to build the resilience of small-scale agriculture to the effects of climate change, safeguard and ensure the sustainability of SMI systems, create decent jobs and additional income for the target population, and promote the economic inclusion of rural youths and women.** In economic terms, these outcomes are expressed in economic profitability and net present value. **Overall**, the internal rate of return is estimated at **14.8%** and the net present value at **MAD 381 205 000 (equivalent to EUR 36.1 million)**. This rate of return is considered fairly high, especially as the contribution of some programme components such as the construction of watering points for livestock, the opening up of the area through the rehabilitation of feeder roads and the facilitation of the transportation of products to markets, the rehabilitation of 50 SIAs, agricultural advisory services and personalized support for the creation of a generation of agro-entrepreneurs, have not been included in programme impacts. The sensitivity tests conducted on investments and production showed that the programme's profitability remains high at 12.9% (10% increase in investment costs) and 12.7% (10% decrease in the value of production) – see details in Technical Annex 8.

4.3 Fiduciary System Assessment

4.3.1 Fiduciary Risks

4.3.1.1 **The sector fiduciary risk assessment conducted shows that public administrative, financial and accounting management systems are well in place in the entire Department of Agriculture (Ministry and public establishments). The same is true for internal and external control systems.** The assessment shows that PFM system performance is very conducive to the achievement of the fiscal discipline objective but less conducive to the achievement of strategic resource allocation and quality public service delivery objectives. Overall, according to PEFA 2016, Morocco's PFM system has two interconnected weaknesses, namely the poor selection of investment projects, which affects programming and planning, and

the modest impact of investments on the quality of public services. The other fiduciary areas in Morocco are considered exemplary with a moderate risk

4.3.1.2. The reforms being implemented aim to strengthen transparency and accountability in public resource management in ministries which must: (i) restructure their budgets in the form of programmes, in line with their strategies and core missions; (ii) strengthen transparency in budget programming by adopting a three-year budget programming approach, and designing performance targets and indicators; and (iii) institute a robust performance dialogue and establish a monitoring and evaluation system. This structural reform offers an opportunity to strengthen managerial responsibility and accountability in the service delivery chain, where the capacity of General Ministerial Inspectorates (IGM) still varies from one ministry to another, despite the progress made. The ongoing public finance management reform programme focuses on the implementation, from 1 January 2016, of the new Organic Law on the Appropriations Act which was promulgated in June 2015. This law provides for the adoption of performance-based management, the implementation of actions to enhance transparency and the strengthening of the role of Parliament in the preparation of appropriations acts and the control of all aspects related to their execution by the Government. Hence, PADIDZAR will be implemented using the entire public expenditure chain in Morocco.

4.3.2 Financial Management

4.3.2.1 The programme's financial management was assessed in line with the Guidelines for the Financial Management of Bank Group-funded Operations. The assessment covered the main components of the public expenditure chain, namely planning, budgeting, accounting, internal control, cash flow, financial reporting and external audit. It took into account the results of Morocco's latest public finance management assessment based on the 2016 PEFA methodology. The assessment revealed that country's the fiduciary risk is moderate and that the financial management system in place is considered acceptable for the implementation of the programme. The components of Morocco's public expenditure chain rest on a sound public finance management framework and provide a reasonable guarantee for the judicious use of programme funds and the preservation of assets. The weaknesses and the areas needing improvement identified through this assessment are being addressed by the ongoing reforms through new laws, notably the Organic Law on Appropriations Acts which introduces key measures to promote performance-based programme budgeting and to better limit carry-forwards. The major risk identified related to the current budget execution, accounting and reporting processes concerns the quality of consolidated financial reports which may be jeopardized by the large number of implementing entities involved and the absence of a standard report template adopted by all of these entities. This risk will be mitigated by using the report template developed for ongoing programmes, which will facilitate the timely preparation and consolidation of the programme's financial statements. This template will be fine-tuned to reflect programme specificities and incorporated into the programme operations manual.

4.3.2.2 Financial management arrangements: the programme's financial management will be based both on the use of existing systems and Morocco's public finance management processes. The programme will be part of the national budget process and will build on existing institutional systems for its implementation. As such: (i) programme funds will be fully captured in the State budget; (ii) all payments and expenditure accounting will be conducted within the General Treasury of the Kingdom of Morocco (TGR) network of accountants who use various integrated financial management and information systems, such as integrated expenditure management (IEM). The paying treasurers will produce annual management accounts; (iii) the DIAEA will be responsible for the programme's technical and financial management at the national level; (iv) a multi-disciplinary technical assistance (TA) team responsible for supporting programme implementation entities both at the central and regional levels will be recruited through a call for bids; and (v) the programme's coordination and management bodies will be formally designated. The General Inspectorate of Agriculture (IGA) of MAPMDREF will be the programme's independent audit entity (IAE). For its part, the General Inspectorate of Finance (IGF) of the Ministry of Economy and Finance and Administrative Reform (MEFRA) will be responsible for the annual external audit of the programme's consolidated financial statements. All these financial management arrangements will be presented in detail in an operations manual approved by the Bank. This manual will take into account the provisions of the manual prepared for the ongoing programme funded by the World Bank and will include developments on the consistency of half-yearly financial reports, the content of annual financial statements, the indicator verification protocol, disbursement arrangements and the terms of reference of annual programme audits.

4.3.3 Procurement

4.3.3.1 Procurement Fiduciary Risk Assessment

At the national level: the Bank assessed the Moroccan national procurement system (NPPS) in 2017 (BPAR 2017). It concluded that, overall, the system was acceptable from the viewpoint of Bank procurement policy and was likely to be used for a group or all procurements planned for some Bank-financed operations. Furthermore, the Bank's 2016 country fiduciary risk assessment of procurement, updated in 2020, concluded that the overall country fiduciary risk was moderate (CFRA rev 2016).

At the level of the programme executing agency: the Ministry in charge of agriculture (MAPMDREF) will be responsible for the procurement of goods, works and services under the programme through: (i) At the central level: the Directorate of Irrigation and Agricultural Space Development (DIAEA); the Directorate of Strategy and Statistics (DSS); the Directorate of Finance (DF); and the National Agricultural Advisory Board (ONCA); and (ii) At the regional level: regional directorates of agriculture (DRAs); provincial directorates of agriculture (DPAs) and regional agricultural development authorities (ORMVAs). The programme will cover seven regions, namely Draa-Tafilalet, Beni Mellal-Khénifra, Fès-Meknès, Marrakech-Safi, Oriental, Souss-Massa and Tanger-Tétouan-Al Hoceima. The Bank has assessed the capacity of implementing agencies based on information collected and exploration of various audit reports, particularly the 2018 report of the Audit Office. The assessment revealed that the level of fiduciary risk of implementing agencies for the procurement component was considered moderate, subject to the effective implementation of the appropriate risk mitigation and capacity-building measures included in the programme results framework and the programme action plan (PAP) presented in Technical Annex 7.

At the programme level: The Bank also assessed MAPMDREF's procurement capacity to ascertain the extent to which its human resources, technical means, organization and procedures will enable it to implement the programme while complying with fiduciary obligations. The assessment concluded that the level of risk associated with the implementation of this programme, regarding the identification of needs, contracting and implementation, was deemed moderate, subject to the effective implementation of the appropriate risk mitigation and capacity-building measures included in the programme results framework and the programme action plan (PAP) presented in Technical Annex 7.

4.3.3.2 Applicable Procurement Policy and Framework

All goods, works and consultancy services financed from Bank resources under the programme will be procured as per the Procurement Framework for Operations Financed by the Bank Group ("AfDB Policy"), October 2015 edition and the provisions that will be mentioned in the Financing Agreement. In compliance with AfDB Policy, all procurement for results-based financing will be in line with the Borrower's procurement system ("National System") prescribed by Decree No. 2-12-349 of 20 March 2013 ("Decree") and the contract codes of the relevant ORMVAs and ONCA, using standard national bidding document templates.

4.3.3.3 Special Arrangements due to the Use of the NPPS:

Eligibility rules: programme activities will be financed with AfDB window resources. Consequently, the eligibility rules specific to the ADB window apply *ex-post*. Therefore, the resources will not be used to finance the procurement of the activities of (i) firms of a country or goods manufactured in a country excluded by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and/or (ii) firms sanctioned by the Bank in line with its anti-corruption policies; and/or (iii) firms from a non-member country of the Bank, for goods contracts over UA 1 million, consultancy contracts over UA 300 000 and works contracts over UA 6 million (see Document ADB/BD/WP/2016/184/ Rev.2).

4.4. Governance

4.4.1 Morocco's new Constitution, adopted on 1 July 2011, explicitly mentions the need to fight corruption and ensure good governance and transparency as essential tools for proper public management. It also recognizes the right to citizen participation in public decision-making and public affairs. Similarly, the new Constitution established the right of citizens to access information (Article 27), to be consulted (Article 13), and to express grievances (Article 15) to enhance

the governance of public services and strengthen the participation of society. These pure governance reforms are seen as essential levers to improve transparency and accountability. Morocco has also adopted a National Anti-Corruption Strategy. The measures in this strategy cover various aspects of the fight against corruption, including upgrading the institutional and legal aspects, activating the prevention and repression dimensions, and strengthening education and awareness aspects. The institutional mechanism also includes the National Authority for Probity, Prevention and Fight Against Corruption. Furthermore, the Government has taken certain measures such as (i) the establishment of the Inter-Ministerial Commission Against Corruption (CILCC); and (ii) the ratification of the United Nations Convention against Corruption. It has also initiated reforms aimed at improving transparency in public life, particularly: (i) introduction of the Mandatory Declaration of Wealth; (ii) creation of *stopcorruption.ma*, an official website for denouncing corruption in Morocco; and (iii) adoption of a law on the right of access to information that reinforces the principles of transparency, the moralization of public administration, and accountability. Despite these undeniable efforts, the country continues to produce moderate results, as evidenced by the seesawing trends. The 2020 Corruption Perceptions Index of Transparency International showed that Morocco's position over the last 15 years has been relatively stagnant, with a ranking varying between the 73rd and 90th positions. According to the same source, country ranking showed that Morocco lost 7 spots in 2019 to occupy the 80th position out of 180 countries. The Kingdom lost two points from 43 out of 100 points in 2018 to 41 out of 100 points in 2019 respectively. In 2020, the country lost a point, regressing by six places compared to 2019 with a score of 40 out of 100 points to occupy the 86th position out of 180 countries.

4.4.2 Given the multiplicity of actors involved in the implementation of PADIDZAR, it is necessary to prepare an operations manual before launching the programme. Capacity building for internal auditing will be included in the PAP as well as the publication of the annual summary of procurement audit reports by the IGA.

4.5 Environmental and Social System Assessment and E&S Risk Management

4.5.1 Environmental and social category: given the moderate E&S risks and impact of the programme, it was classified under Category 2 on 13 January 2021 in line with national regulations, the Bank's RBF policy and the provisions of the Bank's Integrated Safeguards System (ISS).

4.5.2 Preparation and dissemination of environmental and social safeguards documents: in keeping with the provisions of RBF, the Bank prepared an environmental and social system assessment (ESSA). The assessment was conducted in collaboration with the Client and approved and published by the Bank on 17 June 2021 before fielding the programme appraisal mission. The E&S Action Plan was validated with the Client and will be included in the Loan Agreement and implemented.

4.5.3 Public participation and consultations: virtual public consultations were organized from 8 to 12 March 2021 and on 11 June in the 7 regions concerned during the preparation of the assessment. Another virtual consultation was held to review the contents of the draft report on 11 June 2021 (with few participants in the offices of regional directorates). Due to the COVID-19 health crisis, in-person consultations could neither be held, nor all the 7 regions targeted covered. The Borrower will be expected to undertake adequate (free, prior and informed) consultations and provide evidence thereof prior to the start-up of works.

4.5.4 E&S risk and impact assessment: the activities envisaged under PADIDZAR (rehabilitation of séguías and *khettaras*, feeder roads and SMI systems) will have direct and/or indirect negative impacts on soils, water quality, water regime, crops, plants and animals, as well as handicraft and farming activities, and even on existing infrastructure. The quality of life of the local residents will also be impacted by the negative effects of construction site activities, particularly nuisances, wastes and risk of accidents and collision with large construction machinery.

4.5.5 PADIDZAR's environmental and social system assessment (ESSA): the ESSA shows that there is consistency between Morocco's environmental management system and the Bank's ISS requirements. However, there are still gaps regarding scope, public consultation, dissemination, monitoring and surveillance. An Environmental and Social Action Plan (ESAP) structured around 5 pillars to facilitate the management of E&S risks and impacts by PPs includes the preparation of specific environmental and social impact assessments (ESIAs) and environmental and social management plans (ESMPs), an Environmental and Social Management Technical Manual (ESMTM) and a Capacity-Building Plan, the establishment of a Grievance Redress Mechanism, the inclusion of specific E&S clauses in bidding documents, as well as the implementation of ESMPs for works. In addition, any activity that would be classified under Category 1 according to the

Bank's ISS and likely to cause major climatic, environmental and/or social risks, involuntary resettlement and/or physical or economic displacement of persons (and/or communities) will be excluded from financing under the programme.

4.5.6. Capacity for implementation of E&S measures: The Programme Management Unit (PMU) will be responsible for the implementation of the ESAP, particularly the specific ESMPs of each sub-project. This activity will be conducted at the regional level by RPMUs, under the coordination of the DIAEA and at the national level in collaboration with three central directorates, namely the DIAEA, the DSS and the DF, as well as ONCA. At the regional level, RPMUs will liaise with the relevant regional PPs and the DIAEA. The RPMU coordinator will be assisted by a multidisciplinary team including an environmental and social focal point (ESFP). ESFPs should be designated based on the terms of reference specifying the qualifications required to monitor the implementation of E&S measures and application of the ESMTM. A qualified ESFP coordinator will be appointed to serve as an environmental and social safeguards specialist within the PMU. The PMU and RPMUs will be expected to adopt a Code of Conduct for the Prevention of Sexual Harassment, Exploitation and Abuse (CC-SHEA). The contractors selected to execute programme works will ensure that their employees undertake to comply with the CC-SHEA and include an environmental and social specialist/HSS in their teams. These provisions will be included in the E&S clauses of bidding documents for works. The Borrower will establish a credible, independent and autonomous local Grievance Redress Mechanism to help to receive and follow up grievances and concerns of persons affected by environmental and social impacts of programme works.

4.5.7 ESAP implementation monitoring: the programme's E&S manager assisted by the environmental and social focal point (ESFP) will be responsible for monitoring ESAP implementation. Considering that the programme is classified under Environmental and Social Category 2, quarterly monitoring reports on the implementation of E&S measures will be submitted to the Bank (15 days after the end of each quarter). An independent consultant will prepare and submit an annual E&S performance audit report to the Bank no later than 15 December from the second year of implementation until the completion of the programme. The environmental and social measures implementation completion report will be prepared and submitted to the Bank no later than six (6) months after the completion of the programme.

4.5.8 Overall, programme activities will generate acceptable E&S outcomes and economic benefits. On the whole, the negative E&S impacts of programme activities will be moderate, reversible and controllable. The ESAP will help to identify, avoid or manage them through the use of best practices and E&S risk and impact mitigation and management measures. The total cost of the ESAP (excluding the cost of preparation of project E&S assessments) is estimated at USD 86 000

4.6 Climate Change

4.6.1 PADIDZAR is classified under Category 2 according to the Climate Safeguard System (CSS) which means that it may be vulnerable to climate risks, which calls for the consideration of climate change risks and adaptation measures. Practical risk management and adaptation measures should be mainstreamed in programme design and implementation plans. In this respect, the programme could contribute positively to climate change adaptation since Morocco is experiencing rising temperatures and more erratic rainfall due to climate change, resulting in a reduction in river flows (a 20% reduction in overall water resources over the last 30 years) and increased evaporation and siltation of storage reservoirs. Consequently, climate change will lead to an increase in demand for irrigation which already consumes more than 80% of available water, although only 16% of cultivated land is irrigated. Increased water stress will inevitably lead to the overexploitation of groundwater resources. The impact on water resources will affect agricultural production, which in turn could contribute to increasing food prices and food insecurity. According to the Intergovernmental Panel on Climate Change (IPCC) A2 scenario, about 10% of yield losses will be recorded in major agricultural production zones between 2023 and 2050, with a majority of Moroccan breadbasket areas experiencing decreases in yields. The rehabilitation of SMI areas and enhancement of the efficiency of traditional irrigation infrastructure by improving the management of water intake at the entry point of irrigation systems and reducing water loss during conveyance to séguías will increase the supply of water to plots and improve productivity and agricultural output of farms equipped with SMI systems. PADIDZAR will contribute to mitigating the effects of climate change (CC) and provide a concrete response to variations caused by such effects in terms of rainfall and the duration of drought episodes which are more frequent and long-lasting nowadays. This will contribute to improving the capacity of adaptation and resilience to climate change. Regarding climate change, it is worth noting that the programme will help to achieve Stake 4: "Accelerate the implementation of the national policy on the fight against climate change" of the National Sustainable Development Strategy (SNDD 2030), thus aligning with the strategic thrusts which aim to: (i) include regions in the fight against global warming; and (ii) improve climate governance.

4.7 Impact on Promotion of Gender Equality and Women's and Youth Empowerment

4.7.1 In the programme impact area, women constitute a permanent or occasional family workforce and play a vital role in farm and household tasks. Some tasks such as livestock rearing, and market garden crop maintenance are mostly performed by women. They are also responsible for household food security in the sense that they are responsible for most food processing and storage activities. Women participate in all agricultural value chain activities and are considered as household workers, with limited decision-making powers. Long working hours, low pay, inadequate social rights, and difficult working conditions are all factors of women's farm employment insecurity. The economic empowerment of rural women and improvement of their individual and collective living conditions hinge on support for and promotion of women's entrepreneurship, which consists in mobilizing, managing and organizing material and human resources in the agricultural sector to set up and develop commercial agricultural enterprises and companies.

4.7.2 In this regard, PADIDZAR will facilitate women's access to factors of production, support services for starting businesses in rural areas and build entrepreneurial capacity. The programme will improve the entrepreneurial spirit and create job opportunities in rural areas for women and young people by developing irrigation areas, structuring and setting up cooperatives and setting up young agricultural entrepreneurs. The rehabilitation of rural roads will facilitate the transportation of agricultural products to markets and promote other socio-cultural and economic exchanges. The programme will also improve the employability of rural women and young people through the development of bankable agricultural projects, support for the setting up of agricultural enterprises and the strengthening of the entrepreneurial spirit. Through professional organization, the Agricultural Advisory Board will assist women producers in improving the production, processing and development of agricultural products. The programme is classified as under Category 2, according to the Gender Marker System. The detailed gender analysis and the Gender Marker System action plan are presented in Technical Annex 6 (Volume 2 of the report).

4.8. Integrated Risk Assessment Summary

4.8.1 The technical, fiduciary and environmental and social assessments concluded that PADIDZAR's overall risk rating is moderate. The various risk ratings are presented in Table 6. The main risks and related mitigation measures are presented in Technical Annex 7.

Table 5: Integrated Risk Assessment Summary	
Risk	Rating
Technical	Low
Fiduciary	Moderate
Climate, Environmental and Social	Moderate
Disbursement-linked indicator	Moderate
Other risk: Institutional change following a cabinet reshuffle	Moderate
Overall risk	Moderate

4.9. Programme Action Plan

4.9.1 Based on the recommendations of the technical, fiduciary and environmental and social assessments, measures have been taken to safeguard or build capacity to operationalize the PADIDZAR implementation framework and facilitate the achievement of expected outcomes. These measures aimed at building the capacity and enhancing the performance of programme implementation entities, and mitigating the potential technical, fiduciary, environmental and social risks identified are outlined in the Programme Action Plan presented in Technical Annex 7A. This binding programme action plan is also appended to the Loan Agreement.

4.10. Legal Authority and Compliance

4.10.1. Conditions Precedent to Effectiveness of the Loan Agreement: the effectiveness of the Loan Agreement shall be subject to fulfilment by the Borrower, to the Bank's satisfaction, of the conditions set out in Section 12.01 of the General Conditions Applicable to the Loan Agreements and Guarantee Agreements of the Bank (sovereign entities).

4.10.2. Conditions Precedent to First Disbursement: the first disbursement of loan resources shall be subject to fulfilment by the Borrower, to the Bank's satisfaction, of the following conditions: (a) submission of evidence of establishing the central Programme Management Unit (PMU) within the Directorate of Irrigation and Agricultural Space Development in the Ministry of Agriculture, Maritime Fishery, Rural Development and Forestry (MAPMDREF) as well as the appointment of a Programme Coordinator, a Monitoring and Evaluation Officer, an Environmental and Monitoring Officer, an Administrative and Financial Officer and a National Agricultural Advisory Board (ONCA) focal point; and (b) submission of evidence of establishing a Regional Programme Management Unit (RPMU) within each Regional

Directorate of Agriculture concerned, as well as the designation within each RPMU of a Regional Coordinator, a Monitoring and Evaluation Officer, an Environmental and Social Officer, an Administrative and Financial Officer and an ONCA focal point.

4.10.3. Conditions Precedent to Loan Disbursements: the disbursement of each tranche of loan resources for a disbursement-linked indicator (DLI) shall be subject to the achievement by the Borrower, to the Bank's satisfaction, of the expected outcomes set out in Annex 1, after submission of an independent verification report deemed satisfactory to the Bank, attesting to the achievement of the relevant DLI.

4.10.4. Undertakings: the Borrower shall deploy the human resources needed for the smooth implementation of the programme, particularly for the conduct of rehabilitation works and the construction of head ditches, pumping stations and the storage pond. The Borrower shall also refrain from using the loan resources to finance activities that are not eligible for Results-Based Financing (RBF). Details of these undertakings will be included in the loan agreement.

4.10.5. Compliance with Bank Policies: the programme is consistent with all applicable Bank policies.

V. RECOMMENDATION

Management recommends that the Board of Directors approve the proposal to grant a **UA 95 million** AfDB loan (equivalent to **EUR 114.03 million**) to the Kingdom of Morocco to finance the Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR), under the terms and conditions set forth in this report.

ANNEX 1: COMPREHENSIVE PADIDZAR RESULTS FRAMEWORK

Results	Indicators	DLI Y/N	Actor	Unit of Measure.	Baseline (2020)	Target 2026	Target Dates						Frequency	Data Source/Method	Body in charge of Data Collection
							2021	2022	2023	2024	2025	2026			
IMPACT															
Contribute to improving the quality of life of people in vulnerable rural areas, fostering the emergence of a new generation of an agricultural middle class and building the resilience of Moroccan agriculture to the effects of climate change															
OUTPUTS															
The efficiency and sustainability of irrigation infrastructure are improved in the face of CC.	Improvement of the efficiency of SMI areas rehabilitated under the programme	N	DIAEA /DRA/ ORMVA	Percentage	0	20%	-	-	5%	10%	15%	20%	Annual	Monitoring and performance reports	DIAEA
	Sustainability of irrigation services (area secured) in the programme impact area	N	DIAEA /DRA /ORMVA	Hectare	0	25 000	-	-	6000	8000	6000	5000	Annual	Monitoring and performance reports	DIAEA
	Farmers in rehabilitated areas benefiting from improved water supply	N	DIAEA /DRA /ORMVA	Number of farmers	0	5 000	-	-	1500	1500	1500	500	Annual	Reports of works monitoring entities	DIAEA
Job creation and entrepreneurship in rural areas are improved.	Improvement of the entrepreneurial spirit of members of the cooperatives set up in the programme impact area	N	ONCA/ DRCA	Number of members of cooperatives	0	200	-	-	50	50	50	50	Annual	ONCA progress report	ONCA
	Direct additional working days created during the programme period	N	DIAEA /DRA /ORMVA	Number in thousand	0	1 200	-	-	300	300	300	300	Annual	Reports of works execution monitoring entities	DIAEA
OUTPUTS															
Result Area 1: More efficient, resilient and sustainable production systems															
The preservation and sustainability of SMI areas are improved.	Additional facilities rehabilitated in the programme impact area	N	DIAEA /DRA /ORMVA	Number of facilities	0	600	-	-	180	180	210	120	s	Monitoring and performance reports Works acceptance report	DIAEA
	Additional SMIAs covered by rehabilitated infrastructure	Y	DIAEA /DRA /ORMVA	Number of SMIAs	0	50	-	-	20	20	5	5	Annual	Monitoring and performance reports	DIAEA
	Number of additional water points rehabilitated (livestock watering and/ or irrigation)	N	DIAEA /DRA /ORMVA	Number of water points	0	50	-	-	20	20	5	5	Annual	Monitoring and performance reports Works acceptance report	DIAEA

Results	Indicators	DLI Y/N	Actor	Unit of Measure.	Baseline (2020)	Target 2026	Target Dates						Frequency	Data Source/Method	Body in charge of Data Collection
							2021	2022	2023	2024	2025	2026			
	Feeder roads rehabilitated to serve SMIA	Y	DIAEA /DRA /ORMVA	Kilometre of feeder roads	0	50	-	-	20	20	5	5	Annual	Monitoring and performance reports	DIAEA
	Consultative process for adhesion of the beneficiaries of the SMIA	Y	DIAEA /DRA /ORMVA	Number of SMIA where beneficiaries are consulted and engaged	0	50	-	20	20	5	5	-	Annual	Minutes of enrolment sessions and commitment of the beneficiaries of SMIA schemes or AWUAs	DIAEA
The enhancement of the efficiency of irrigation infrastructure is sustained	Additional area equipped with operational remote metering and management systems (PFR WB-AFD	N	DIAEA/DRA/ORMVA	Hectares equipped	0	11 800	-	-	-	-	3 800	8 000	Annual for 2025 - 2026	Monitoring and performance reports	DIAEA
CC adaptation measures are supported	Additional area concerned by water and soil conservation practices	N	DIAEA/DRA/ORMVA	Hectares of protected land	0	2 500	-	-	750	750	500	500	Annual	Monitoring and performance reports	DIAEA
	Khetaras rehabilitated	Y	DIAEA /DRA /ORMVA	Number of khetaras	0	25	-	-	6	7	6	6	Annual	Monitoring and performance reports	DIAEA
Result Area 2: More inclusive, efficient and sustainable value chains															
Steady improvement of youth and women's economic inclusion and employability in rural areas	Idea bank of agricultural, semi-agricultural and processing projects by region/sub-sector developed	N	ONCA /DRCA	Yes/No	No	Yes	-	-	Yes	-	-	-	Annual for 2023	Idea bank of agricultural, semi-agricultural and processing projects by region/sub-sector	ONCA
	Number of young people supported towards agricultural and rural projects	N	ONCA /DRCA	Number of young people	0/	400, 25% of them women (1)	-	-	100	100	100	100	Annual	List of young people supported	ONCA
The integration of value chains into efficient and sustainable agricultural ecosystems (clusters) is strengthened	Cooperatives created under the programme (1)	Y	ONCA /DRCA	Number of cooperatives	0	100, 25% of their members women (1)	-	-	25	25	25	25	Annual	Progress reports	ONCA
	Male and female producers supported in SMI areas who benefited from agricultural advisory services for the optimization of irrigation water use.	N	ONCA /DRCA	Number of producers	0	1 500	-	200	300	500	500		Annual	List of producers/ Progress reports	ONCA

Results	Indicators	DLI Y/N	Actor	Unit of Measure.	Baseline (2020)	Target 2026	Target Dates						Frequency	Data Source/Method	Body in charge of Data Collection
							2021	2022	2023	2024	2025	2026			
Support for professional farmer organizations is improved	Professional farmer organizations supported by agricultural advisory services (training, supervision, revitalization, etc.) under the programme	N	ONCA /DRCA	Number of professional farmer organizations	0	250, 25% of their members women	-	20	40	60	80	50	Annual	List of FOs/Progress reports	ONCA
	Field schools (FFS) set up in regions under the programme	Y	ONCA /DRCA	Number of FFS	0	10	-	3	3	4	-	-	Annual (2022, 2023, 2024)	Progress reports	ONCA
Result Area 3: Strengthened institutional and sector capacity															
The regulatory, institutional and policy framework for the promotion of irrigation is established.	Extension of the provisions of orders fixing Government assistance to irrigation facilities and improvements for agricultural properties	Y	DIAEA/DF /DAAJ	Yes/No	No	Yes	Public-ation of order in the OG						2021	Copy of the Official Bulletin publishing the Order	DF
	Design of plan to build the capacity of agricultural water users' associations (AWUAs) and promote best practices within the programme framework ⁽¹⁾	N	DIAEA/ ONCA	Yes/No	No	Yes	-	Yes	-	-	-	-	2022	Capacity Building Plan Implementation Report	DIAEA/ONCA /ORMVA/DRA
	Design of two feasibility studies on a draft public-private partnership (PPP) in irrigation (Sidi Rahal and Gharb)	N	DIAEA /DRA /ORMVA	Yes/No	No	Yes	-	-	Yes	-	-	-	2023	Copy of the notification letters of approval for both contracts	DIAEA/ORMVA
Regulatory, institutional and policy framework for the promotion of agricultural and rural entrepreneurship for the youth and women is established	Signing of a protocol agreement between MAPMDREF- FECAM - GCAM-COMADER for the provision of special support to young agricultural entrepreneurs ⁽²⁾	Y	DF	Yes/No	No	Yes	Yes	-	-	-	-	-	2021	Copy of the signed protocol agreement	DF
The capacity of actors in management and implementation is strengthened	Mapping of irrigation programme risks (SMI component)	N	DIAEA	Yes/No	No	Yes	-	Yes	-	--	-	-	2022	Risk mapping	DIAEA
	Establishment and use of standardized implementation reporting templates within the framework of the SMI programme	Y	DIAEA/ DRA /ORMVA	Yes/No	No	Yes	-	Yes	Yes	Yes	Yes	Yes	Annual	Standardized report templates/activity repor	DIAEA/DRA /ORMVA
	Pricing benchmark for major SMI facilities	N	DIAEA	Yes/No	No	Yes	-	Yes	-	-	-	-	Annual	Pricing benchmark	DIAEA

(1) Entrepreneurial agricultural cooperatives with a special focus on women's agricultural cooperatives

Contributing to the emergence of a rural middle class

(1) Rounded up at 25%

ANNEX 2: PADIDZAR DISBURSEMENT-LINKED INDICATOR MATRIX

DLI		Unit	Amount Allocated in EUR million	% of Loan	Baseline	Target 2026	Indicative Schedule and Targets					
							2021	2022	2023	2024	2025	2026
Result Area 1: More efficient, resilient and sustainable production systems												
DLI.1	SMI areas served by the rehabilitated facilities	Number	28.06	24.6%	0	50	-	-	20	20	5	5
DLI.2	Feeder roads rehabilitated to serve SMI area	Km	11.25	9.9%	0	50	-	-	20	20	5	5
DLI.3	Consultative process for enrolment of beneficiaries of t SMIA's	Number	14.50	12.7%	0	50	-	20	20	5	5	-
DLI.4	Khettaras rehabilitated	Number	8.90	7.8%	0	25	-	-	6	7	6	6
S/Total RA 1			62.71	55%								
Result Area 2: Inclusive, efficient and sustainable value chains												
DLI.5	Cooperatives created under the programme	Number	11.41	10%	0	100, 25% of their members women	-	-	25	25	25	25
DLI.6	Farmer field schools (FFS) set up in SMI areas under the programme	Number	17.10	15%	0	10	-	3	3	4	-	-
S/Total RA 2			28.51	25%								
Result Area 3: Strengthened institutional and sector capacity												
DLI.7	Order extending the terms and conditions for government assistance for irrigation scheme development and agricultural land improvement	Yes/ No	5.70	5%	No	Yes	Yes					
DLI.8	Protocol agreement between MAPMDREF-FECAM - GCAM-COMADER for the provision of	Yes/ No	11.40	10%	No	Yes	Yes	-	-	-	-	-

DLI		Unit	Amount Allocated in EUR million	% of Loan	Baseline	Target 2026	Indicative Schedule and Targets					
							2021	2022	2023	2024	2025	2026
	special support to young agricultural entrepreneurs											
DLI.9	Establishment and use of standardized implementation report templates for the SMI programme	Yes/ No	5.71	5%	No	Yes	-	Yes	Yes	Yes	Yes	Yes
S/Total RA			22.81	20%								
Total			114.03	100%								

ANNEX 3: RESULT AREAS AND DETAILED ACTIVITIES

EXPECTED OUTCOMES	ACTIVITIES	ACTIVITY DESCRIPTION	VENUE	EXECUTING AUTHORITY
Result Area 1: More efficient, resilient and sustainable production system				
The preservation and sustainability of SMI areas are improved.	• Rehabilitation of water mobilization facilities	Rehabilitation of water mobilization facilities to ensure their durability (séguia, <i>khettara</i> , diversion sills, etc.)	7 regions	DIAEA/DRA/ORMVA
	• Rehabilitation of SMI areas	Rehabilitation of SMI areas	7 regions	DIAEA/DRA/ORMVA
	• Rehabilitation of water points	Rehabilitation of water points for livestock watering	7 regions	DIAEA/DRA/ORMVA
	• Rehabilitation of feeder roads under SMI projects	Rehabilitation of feeder roads under SMI projects	7 regions	DIAEA/DRA/ORMVA
	• Promoting beneficiary enrollment	Mobilization and empowerment of beneficiaries at the grassroots level to ensure their support and ownership of the infrastructure to be put in place	7 regions	DIAEA/DRA/ORMVA
The efficiency of irrigation infrastructure is enhanced and sustained.	• Equipping SMI areas with remote metering and management systems (PFR -AFD RBF)	Equipping an area of 11 800 hectares with remote metering and management systems (PFR -AFD RBF)	7 regions	DIAEA/DRA/ORMVA
Climate change adaptation is improved	• Implementation of water and soil conservation activities	Implementation of water and soil conservation activities covering a total area of 2,500 ha	7 regions	DIAEA/DRA/ORMVA
	• Rehabilitation of <i>khettaras</i>	Rehabilitation des <i>khettaras</i>	7 regions	DIAEA/DRA/ORMVA
Result Area 2: Inclusive, efficient and sustainable value chains				
The improvement of the economic inclusion and employability of young people and women in rural areas is supported.	• Identification of project ideas and opportunities	Identification of ideas and opportunities for agricultural, semi-agricultural and processing projects in the programme impact area	7 regions	ONCA/DRCA
	• Support to young people for the development of agricultural and rural projects	Support to young people for the development of agricultural and rural projects during the pre- and post-start-up phases	7 regions	ONCA/DRCA
The integration of value chains into efficient and sustainable agricultural ecosystems (clusters) is strengthened.	• Support for the setting up of cooperatives	Support for the setting up of entrepreneurial cooperatives (a new generation of professional organizations)	7 regions	ONCA/DRCA
	• Setting up of farmer field schools (FFS) in SMI areas under the programme	Preparation of materials and setting up of 10 FFS in SMI areas under the programme	7 regions	ONCA/DRCA

EXPECTED OUTCOMES	ACTIVITIES	ACTIVITY DESCRIPTION	VENUE	EXECUTING AUTHORITY
Support for professional organizations is improved.	<ul style="list-style-type: none"> Support to professional organizations 	Support of professional organizations and producer groups through supervision and counselling	7 regions	ONCA/DRCA
Result Area 3: Strengthened institutional and sector capacity				
The regulatory, institutional and policy framework for the promotion of SMI is established.	<ul style="list-style-type: none"> Publication of orders extending the provisions of the Joint Order laying down the terms and conditions for government assistance for irrigation schemes and agricultural land improvement published 	Publication in the Official Gazette of orders Order extending the provisions of the Joint Order laying down the terms and conditions for government assistance for irrigation schemes and agricultural land improvement published	Nationwide	DAAJ / DF/ DIAEA
	<ul style="list-style-type: none"> Design of a plan to build the capacity of agricultural water users' associations (AWUAs) and promote best practices under the programme 	Design and implementation of a plan to build the capacity of agricultural water users' associations (AWUAs) and promote best practices in irrigation	Nationwide	DIAEA/ONCA/DF
	<ul style="list-style-type: none"> Design of two feasibility studies on public-private partnership (PPP) in irrigation (Sidi Rahal and Gharb). 	Support public-private partnership (PPP) initiatives in irrigation	Nationwide	DIAEA
The regulatory, institutional and policy framework governing the promotion of agricultural and rural entrepreneurship is established.	<ul style="list-style-type: none"> Signature of the protocol agreement between MAPMDREF - FECAM - GCAM-COMADER on the provision of special support to young agricultural entrepreneurs 	Prepare and sign the protocol agreement to promote and support the entrepreneurial ecosystem for young agricultural and rural entrepreneurs	Nationwide	DF
The management and implementation capacity of actors is improved.	<ul style="list-style-type: none"> Mapping of irrigation programme risks (SMI component) 	Mapping of irrigation programme risks (SMI component)	Nationwide	DIAEA
	<ul style="list-style-type: none"> Design and use of standardized implementation report templates for the SMI programme 	Design of new report templates and tools for activities implemented under the SMI programme (contracting process, physical and financial implementation oversight, monitoring of any procurement complaints, etc.).	Under the programme	DIAEA /ONCA
	<ul style="list-style-type: none"> Preparation of a pricing benchmark for major SMI facilities 	Preparation of a pricing benchmark for major SMI facilities	Nationwide	DIAEA

ANNEX 4: CONSOLIDATED PROGRAMME EXPENDITURE FRAMEWORK (in MAD Thousand)

Item	Results Areas & DLI	2021	2022*	2023**	2024**	2025**	2026**	TOTAL (kMAD)
Construction of water points (1)	DR 1	50	55	60	60	60	60	345
SMI Project III (2)	DR 1	49	88	150	150	107	-	544
SMI Distribution Project (3)	DR 1 (DLI 1, 2, 3, 4) and DR 3 (DLI 7, 9)	337	394	250	250	300	300	1831
Jerada Irrigation Scheme Development Project (4)	DR 1	27.8	18	19	27	-	-	91.8
Agricultural Advisory Services (ONCA)	DR 2 (DLI 5, 6) and DR3 (DLI 8(5))	56	56	56	56	56	56	336

(1) The construction of water points concerns several areas depending on their use (livestock, SMI and land development).

(2) Project co-financed with KfW.

(3) The SMI Distribution Project includes all development activities in SMI areas.

(4) Revision of agreement per Wali due to drilling and land constraints. The project now focuses only on rehabilitation works and no longer on extension. The project will now focus only on rehabilitation and not extension works.

(5) « CAM-Génération Green Jeunes » et « CAM-Génération Green Melkisation »

TOTAL (KMAD)	3147.8
Currency	297.05
TOTAL Euro (€)	3147.8
Million	

* PLF 2022

** Ministry's projections

MAPMDREF in line with PNAEPI
2020-2027

AfDB UA Million	95
AfDB Euro (€) Million	114.03
AfDB Participation	38%

ANNEX 5: MATRIX OF PROGRAMME OUTCOME RISKS

RISK CATEGORY	DESCRIPTION OF RISK	RATING	MITIGATION MEASURES	ENTITY RESPONSIBLE
External shocks	Unfavourable international economic situation/ Hydrocarbon and commodity price fluctuations	M	Economic Watchdog Committee in place Targeted measures: management of shortages.	Watchdog Committee
Climatic hazards	Climatic hazards and extreme weather events	M	Mitigating expected risks requires the strengthening of the Government's capacity in renewing measures (particularly to mitigate the climatic risk); establishing integrated flood forecasting and warning systems (flood event management); preparing water shortage management plans (drought management). Such plans should contain measures pre-determined according to the degree of scarcity and include all user sectors for proactive management of water shortage	Government
The COVID-19 pandemic	Deepening of the COVID-19 health crisis	M	<ul style="list-style-type: none"> - A health and scientific watchdog committee is set up; - Adoption of targeted measures, conduct of a vaccination campaign, and management of the health crisis. 	Government
Stakeholder coordination	Number of entities involved in the programme implementation	M	<ul style="list-style-type: none"> - Establishment of a National Steering Committee under the leadership of the MAPMDREF Secretary-General for Agriculture or their representative with a representative of MEFRA 	Government

ANNEX 6: GOVERNMENT'S REQUEST

24 June 2020

The President of the African Development Bank Group
Abidjan – Côte d'Ivoire

Subject: Financing of the Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIZAR)

Mr President,

As you are aware, the Minister of Agriculture, Maritime Fishery, Rural Development and Forestry launched the new agricultural policy dubbed Green Generation 2020-2030 in February 2020. This new strategy builds on the achievements of the Green Morocco Plan and focuses on two main pillars, namely: (i) enhancing the human element and promoting the emergence of a new generation of young entrepreneurs; and (ii) furthering agricultural sector development by strengthening agricultural sub-sectors, improving agricultural product marketing channels and promoting resilient and eco-efficient agriculture.

Also, the irrigation component of the Drinking Water Supply and Irrigation Programme, which was presented to His Majesty the King in January 2020, builds on the public investments made under the two phases of the National Irrigation Water Conservation Programme, as well as on projects to develop and equip small-, medium- and large-scale irrigation areas.

Within the framework of these two strategic thrusts, the Department of Agriculture began the preparation of an Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR) with the support of the African Development Bank, in keeping with the Country Strategy Paper (CSP) 2017-2021.

This programme seeks to support SMI development in about sixty areas taking into account the human element by building the capacity of actors, promoting the creation of jobs and providing agricultural advisory services.

The programme is consistent with the National Water Supply and Irrigation Programme 2020-2027 (irrigation component) recently adopted by the Government on Royal Instructions and will seek to enhance the sustainability of SMI areas. It will finance the safeguard/rehabilitation of SMI areas, the rehabilitation of feeder roads and support actions for the creation of jobs for young people and the promotion of young agricultural entrepreneurs. This programme will focus on the following main activities:

- rehabilitating existing irrigation systems;
- rehabilitating existing feeder roads in irrigation areas;
- promoting arboriculture plantations (olive, palm, almond, fig, apple trees, etc.) and medicinal plants;
- organizing and supporting producers and building their capacity throughout the production and marketing chains;
- developing youth and women's entrepreneurship;

- creating new jobs and reducing unemployment and combating rural-to-urban exodus; and
- supporting beneficiaries and their organizations and building their capacity.

In light of the foregoing, the prioritization of this programme and the importance that the Government of the Kingdom of Morocco attaches to the achievement of its objectives, I would be grateful if your institution could consider contributing to financing the programme and fielding a pre-appraisal mission of the said programme.

I count on your support for the successful outcome of this request and assure you of the readiness of the various government departments and agencies involved in this programme to provide you with any information and clarification needed.

Yours sincerely,

Mohamed BENCHAABOUN



Minister of Economy, Finance and
Administrative Reform

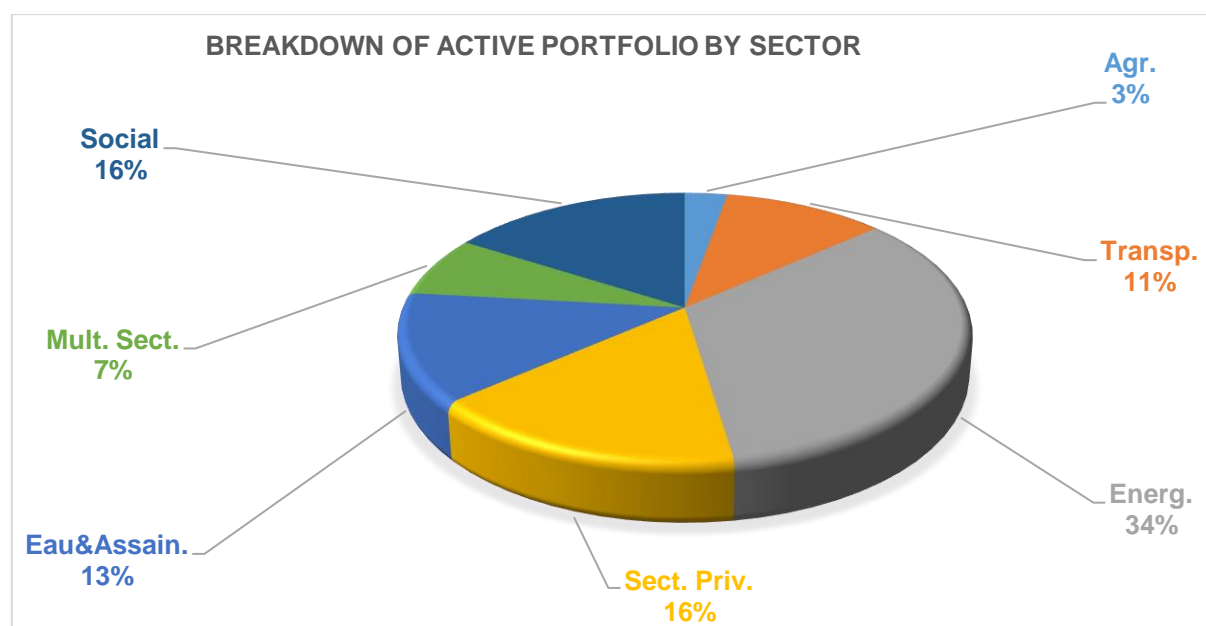
Cc:

The Resident Representative of the African Development Bank in Morocco – Rabat.

ANNEX 7: BANK'S ACTIVE PORTFOLIO IN MOROCCO AS OF END-JUNE 2021

Sector / Operation		Approval Date	1 st Disbursement Date	Approved Amount (UA Million)	Actual Disbursement Rate %	Closure Date
ENERGY 						
1.	Electricity Transmission and Distribution Network Development Project	2 Dec.-09	2 Dec.-09	102 462 190	100%	31 Dec.-20
2.	Noor Midelt Solar Power Plant Complex Project – Phase I	6 Dec.-17	6 Dec.-17	84 780 489		31 Dec.-23
	Noor Midelt Solar Power Plant Complex Project – Phase I (CTF)	6 Dec.-17	6 Dec.-17	8 831 301		31 Dec.-23
3.	PERG	13 June-12	13 June-12	125 000 000	94.5%	31 Dec.-23
4.	Al Koudia Al Baida Wind Farm	13 June-12	13 June-12	40 983 606	76.8%	31 Dec.-23
	Al Koudia Al Baida Wind Farm (FTP)	13 June-12	13 June-12	22 516 556	93.0%	31 Dec.-23
5.	PIEFER - Tangier 2 Wind Farm	13 June-12	13 June-12	32 786 885	0.0%	31 Dec.-23
	PIEFER - Tangier 2 Wind Farm (FTP)	13 June-12	13 June-12	20 529 801	0.0%	31 Dec.-23
6.	PIEFER – Step Abdel Moumen	13 June-12	13 June-12	109 836 065	56.1%	31 Dec.-23
	PIEFER – Step Abdel Moumen (FTP)	13 June-12	13 June-12	39 735 100	66.7%	31 Dec.-23
7.	Power Transmission Network Development and Rural Electrification Programme	10 Dec.-19		195 538 342	0.3%	30 June-24
	Sub-total			876 612 125	42.6%	
TRANSPORT 						
8.	Improvement of the Tangier-Casablanca-Marrakech Railway Line	27 Jan.-16	7 June-16	81 507 341	98.6%	31 Dec.-20
9.	Nador West Med Port Complex Construction Project	16 Sept.-15	1 June-16	90 440 663	54.7%	31 Dec.-22
10.	Rabat Salé Airport Modernization and Extension Project (PEMARS)	5 Nov.-18		61 416 007	15.9%	31 June-22
	Sub-total			233 364 011	59.1%	
WATER & SANITATION 						
11.	Twelfth Marrakech Region Drinking Water Supply Project	7 Nov.-12	17 May-13	100 840 336	81.3%	31 Dec.-21
	Twelfth Marrakech Region Drinking Water Supply Project	7 Nov.-12	17 May-13	27 523 004	75.2%	31 Dec.-21
12.	Drinking Water Quality and Service Improvement Project (13 th DWS)	8 June-16	20 Jan.-17	68 549 165	61.7%	31 Dec.-21
13.	Subcontracting of the Management of DWS Networks in Rural Areas –FAPA Grant	26 April-16	11 April-17	275 398	5.7%	31 Dec.-22
14.	Water Access Sustainability and Security Project (PPSAE)	5 Nov.-18	21 Dec.-18	64 961 758	35.4%	31 Dec.-24
	Water Access Sustainability and Security Project (PPSAE)	5 Nov.-18	21 Dec.-18	31 371 868	34.4%	31 Dec.-24
	Project to Outsource the Management of Drinking Water Services in Rural Areas	5 Nov.-20	1 April-21	684 234	0.0%	31 Dec.-25
	Sub-total			293 521 529	56.8%	
SOCIAL SECTOR 						
16.	Support for UEFM – MIC Grant	29 Jan.-16	27 May-16	398 000	89.5%	30 June-21
17.	SOUK AT TANMIA	20 Sept.-18		3 745 436	55.5%	
18.	Results-Based Programme for Improving Access to Employment	13 Dec.-18	3 May-19	69 836 542	51.1%	31 Dec.-21
19.	Social Protection Improvement Support Programme (PAAPS)	16 Dec.-19		148 590 575	25.0%	30 June-24
20.	Social Protection Improvement Support Programme (PAAPS) (PAAPS) – Covid-19 Supplemental Financing	2 Nov.-20		97 634 950	25.0%	30 June-22
	Sub-total			222 570 553	50.0%	
AGRICULTURE 						
21.	National Irrigation Water Saving Programme Support Project (PAPNEEI II)	13 Dec.-16	4 Aug.-17	62 617 332	23.7%	31 Dec.-22

Sector / Operation		Approval Date	1 st Disbursement Date	Approved Amount (UA Million)	Actual Disbursement Rate %	Closure Date
Sous-total				62 617 332	23.7%	
<div> <div>GOVERNANCE</div> <div>  <div> Improve the quality of life for the people of Africa Améliorer la qualité de vie des populations en Afrique </div> </div> </div>						
22.	Project to support the Modernization of the Debt Management Organizational Framework (P-MOCOGEDE) – MIC Grant	27 Feb.-13	10-sept-13	536 976	76.8%	31 Sept. -21
23.	Strategic Study on the Treasury and External Finances Department (DTFE) – MIC Grant	21 May-15	25 Sept.-19	797 600	51.6%	31 Dec.-21
24.	Maroc Export – MIC Grant	25 Nov.-15	19 Aug.-16	630 000	55.7%	30 April-21
25.	Project for the Transformation of the African Training and Research Centre in Administration for Development (PAT-CAFRAD) – MIC Grant	29 Mar.-17	30 June-17	479 000	97.0%	30 Sept.-20
26.	Institutional Support Project for the Arab Maghreb Union – AMU (Phase II) – MIC Grant	30 Mar.-17	21 Aug.-15	495 365	61.1%	31 Dec.-20
27.	Support Project for the Capacity Building of the National Commission for Public Procurement (CNCP)	12 Dec.-18	3 Feb.-20	410 000	4.1%	30 Dec.-21
28.	Support Project for the General Confederation of Moroccan Enterprises (CGEM)	29 May-19	21 June-19	400 000	8.0%	31 Aug.-21
29.	Project to Support the Development of the National Business Climate Improvement Strategy (CNEA)	11 Aug.-19		670 000	0.0%	
30.	Results-Based Programme for Enhancing Regional Competitiveness in Morocco (PARACT-M)	18 Dec.-19		160 244 737	0.0%	
Sub-total				594 438 750	39.4%	
<div> <div>PRIVATE, FINANCIAL AND INDUSTRIAL SECTORS</div> <div>  <div> Industrialise Africa Industrialiser l'Afrique </div> </div> </div>						
31.	TEK CIM	6 Dec.-17		41 126 199	32.0%	
32.	Line of Credit to the Central People's Bank (BCP)	27 June-18		84 803 256	100%	
33.	Moroccan Phosphates Authority (OCP) – Jorf Lasfar Phosphate Hub Expansion Programme	16 Dec.-14		144 704 188	72.2%	
34.	Council Development Fund (CDF)	28 Nov.-19		80 861 662	0.0%	
Sub-total				351 495 305	52.0%	
TOTAL				2 713 252 854	46.22%	

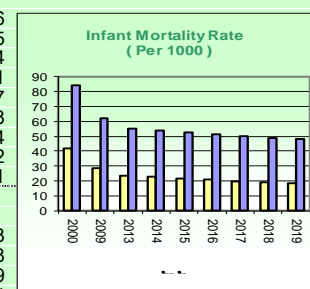
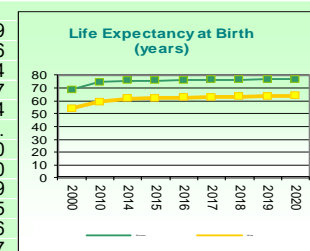
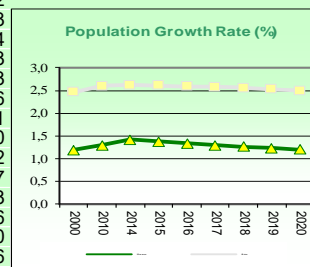
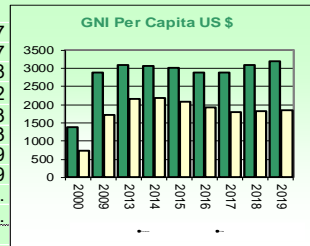


Country Portfolio: Morocco is one of the Bank's leading borrowers. As of June 2021, the Bank's active portfolio in Morocco comprised 34 operations for net commitments of about UA 2.17 billion (about EUR 2.6 billion). Loans amount to UA 2.1 billion (90% of the portfolio) for 23 projects and programmes for an average amount per operation of UA 90 million. Public sector loans (sovereign operations) add up to UA 1.7 billion for 19 projects. The portfolio also includes 11 technical assistance operations: 10 financed by MIC-TAF (UA 4.8 million), and one grant mobilized under FAPA. The portfolio covers seven thrust areas, namely energy (34%), private sector (16%), social sector (16%), water and sanitation (13%), transport (11%), multi-sector (7%) and agriculture (3%). The portfolio is dominated by the energy and transport sectors (45% of commitments) with a high concentration of operations in the infrastructure sub-sector (58% of commitments). The conclusion of the 2020 Country Portfolio Performance Review (CPPR) indicates that the overall Bank portfolio performance rating in Morocco is very satisfactory with a score of 3.5 (on a scale of 1 to 4). The overall disbursement rate at end-April 2021 stood at 56%. Despite the measures taken by the Moroccan authorities to contain the adverse effects of the COVID-19 pandemic, the Bank's portfolio in the country has been one of the most efficient portfolios with no risky project. The average age of the operations was 4 years at end-June 2021.

ANNEX 8: SOCIO-ECONOMIC INDICATORS

Morocco COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Morocco	North Africa	Africa	Developing Countries
Basic Indicators					
Area ('000 Km²)	2020	446	6 784	30 067	94 557
Total Population (millions)	2020	36,9	206,4	1 338,8	6 437,7
Urban Population (% of Total)	2020	63,8	56,1	43,8	50,8
Population Density (per Km²)	2020	82,7	30,5	45,6	67,2
GNI per Capita (US \$)	2019	3 190	3 232	1 843	5 093
Labor Force Participation *- Total (%)	2020	42,6	42,8	61,3	58,3
Labor Force Participation ** - Female (%)	2019	21,6	24,1	55,8	45,9
Sex Ratio (per 100 female)	2020	98,5	101,2	99,9	106,9
Human Develop. Index (Rank among 189 countries)	2019	121
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	0,9	2,3	34,4	...
Demographic Indicators					
Population Growth Rate - Total (%)	2020	1,2	1,7	2,5	1,2
Population Growth Rate - Urban (%)	2020	2,1	2,0	3,6	2,3
Population < 15 years (%)	2020	26,8	31,3	40,4	27,4
Population 15-24 years (%)	2020	15,8	15,7	19,3	16,3
Population >= 65 years (%)	2020	7,6	6,2	3,5	7,3
Dependency Ratio (%)	2020	52,4	60,0	78,1	54,6
Female Population 15-49 years (% of total population)	2020	26,0	25,2	24,2	25,1
Life Expectancy at Birth - Total (years)	2020	76,9	74,2	63,8	71,0
Life Expectancy at Birth - Female (years)	2020	78,1	76,1	65,6	73,2
Crude Birth Rate (per 1,000)	2020	18,1	22,8	32,6	19,7
Crude Death Rate (per 1,000)	2020	5,1	5,4	7,8	7,3
Infant Mortality Rate (per 1,000)	2019	18,3	18,8	47,9	30,6
Child Mortality Rate (per 1,000)	2019	21,4	22,4	69,5	41,0
Total Fertility Rate (per woman)	2020	2,4	2,9	4,3	2,6
Maternal Mortality Rate (per 100,000)	2017	70,0	76,1	432,3	231,0
Women Using Contraception (%)	2020	69,8	56,2	39,1	59,1
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-18	73,1	87,2	33,4	127,9
Nurses and midwives (per 100,000 people)	2010-18	138,9	192,0	107,8	247,6
Births attended by Trained Health Personnel (%)	2010-18	73,6	88,0	64,7	79,4
Peop. Using at least basic drinking water services (% of Pop.)	2017	86,8	94,9	66,3	87,7
Peop. Using at least basic sanitation services (% of Population)	2017	88,5	90,8	40,3	68,4
Percent of Adults (aged 15-49) Living with HIV/AIDS	2019	0,1	0,1	3,1	...
Incidence of Tuberculosis (per 100,000)	2019	97,0	42,3	198,2	152,0
Child Immunization Against Tuberculosis (%)	2019	99,0	96,2	81,0	88,0
Child Immunization Against Measles (%)	2019	99,0	91,1	71,9	84,9
Underweight Children (% of children under 5 years)	2010-19	...	6,4	18,1	14,5
Prevalence of stunting	2010-19	...	19,4	32,4	23,6
Prevalence of undernourishment (% of pop.)	2018	4,3	4,2	15,1	9,7
Current health expenditure (% of GDP)	2018	5,3	5,5	5,2	5,4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-20	114,8	108,3	101,0	101,6
Primary School - Female	2010-20	112,7	107,8	98,8	100,5
Secondary School - Total	2010-20	81,2	79,2	53,5	72,4
Secondary School - Female	2010-20	78,2	88,9	50,5	72,1
Primary School Female Teaching Staff (% of Total)	2010-20	59,2	65,0	49,2	63,7
Adult literacy Rate - Total (%)	2010-18	73,8	72,4	67,9	84,3
Adult literacy Rate - Male (%)	2010-18	93,4	76,0	73,5	88,4
Adult literacy Rate - Female (%)	2010-18	64,6	64,9	61,7	80,2
Gouvernement expenditure on Education (% of GDP)	2010-19	...	6,0	4,8	4,1
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	18,2	3,5	8,0	11,3
Agricultural Land (as % of land area)	2016	68,5	20,8	38,2	38,3
Forest (As % of Land Area)	2016	12,6	1,4	13,2	31,9
Per Capita CO2 Emissions (metric tons)	2016	1,7	2,8	1,1	3,4



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

March 2021

UNAIDS; UNSD; WHO; UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)


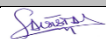
** Labor force participation rate, female (% of female population ages 15+)

ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)	
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A. Basic Information⁵			
Programme Title: Inclusive and Sustainable Development Support Programme for Agricultural and Rural Areas (PADIDZAR)		Programme SAP Code : P-M-AA0-011	
Country: Kingdom of Morocco	Financing Instrument ⁶ : DI <input type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input checked="" type="checkbox"/>		
Programme Sector: Agriculture	Task Team Leader: Rafaa MAROUKI		
Appraisal date: 28/6/2021 to 6/7/2021		Estimated Board Date: 29/9/2021	
Environmental Safeguards Specialist: Ousmane FALL			
Social Safeguards Specialist: XXX			
Environmental and Social Category: 2	Classification date: 13/1/2021	Operation type: SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
Is this programme processed under rapid responses to crises and emergencies?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Is this programme processed under a waiver to the Integrated Safeguards System?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

B. Disclosure and Compliance Monitoring	
B.1. Mandatory disclosure	
Environmental and Social Assessment/Audit/System/Others (specify): Programme Environmental and Social System Assessment (ESSA)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	20/6/2021
Date of receipt, by the Bank, of the authorization to disclose	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of disclosure by the Bank	17/6/2021
Resettlement Action Plan/Framework/Others (specify):	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
Vulnerable Peoples Plan/Framework/Others (specify): Stakeholder Engagement Plan (SEP)	
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorization to disclose	[Date]
Date of disclosure by the Bank	[Date]
If in-country disclosure of any of the above documents is not expected, please explain why: NA	

B.2. Compliance monitoring indicators	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the programme cost?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the programme costs, <i>effectively mobilized and secured</i> ?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the programme include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the programme legal documents?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>

A. Clearance			
Is the programme compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Prepared by:	Name	Signature	Date
Environmental Safeguards Specialist:	Ousmane FALL		15/7/2021
Social Safeguards Specialist:	XXX		
Task Team Leader:	Rafaa MAROUKI/Driss KHIATI		19/7/2021
Submitted by:			
Sector Director: AHAI	Martin FREGENE		19/7/2021
Cleared by:			
Director SNSC:	Maman-Sani ISSA		19/7/2021

⁵ N.B.: This ESCON shall be appended to the programme ex-ante appraisal report before Senior Management and Board approvals.

⁶ DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results-Based Financing.