



The World Bank

Morocco Green Generation Program (P170419)

Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 25-Sep-2020 | Report No: PIDA219674

**BASIC INFORMATION****A. Basic Program Data**

Country Morocco	Project ID P170419	Program Name Morocco Green Generation Program-for-Results	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 29-Sep-2020	Estimated Board Date 15-Dec-2020	Practice Area (Lead) Agriculture and Food
Financing Instrument Program-for-Results Financing	Borrower(s) Kingdom of Morocco	Implementing Agency Ministry of Agriculture, Fisheries, Rural Development, Water and Forestry	

Proposed Program Development Objective(s)

The PDO is to increase the economic inclusion of youth in rural areas, and the marketing efficiency and environmental sustainability of agri-food value chains in the Program area.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	10,000.00
Total Operation Cost	487.00
Total Program Cost	487.00
Total Financing	487.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	200.00
World Bank Lending	200.00
Total Government Contribution	172.00
Total Non-World Bank Group and Non-Client Government Financing	115.00



Multilateral and Bilateral Financing (Concessional)	115.00
Decision	
The review did authorize the team to appraise and negotiate	

B. Introduction and Context

Country Context

1. The proposed Program-for-Results (PforR) co-financed by the World Bank (WB) and the French Development Agency (*Agence Française de Développement*, AFD) aims at responding quickly to the economic hardship and job losses resulting from the COVID-19 pandemic and helping prevent and mitigate the impacts of severe droughts such as the one that the country is currently facing. A focused effort to mitigate job losses and to improve employment opportunities for the most vulnerable groups is at the core of the COVID-19 pandemic response by the Government of Morocco (GoM). The recent launch of the Green Generation Strategy (GGS) by His Majesty King Mohamed VI represents a major shift in focus from production to people and comes at a very opportune time to respond to the COVID-19 crisis. It offers a clear pathway to job creation and increasing economic opportunities in Morocco's relatively more disadvantaged rural areas, as the country addresses and recovers from the COVID-19 pandemic. The GGS emphasizes building the middle class in rural areas, job creation for the youth on- and off-farm and building human capital and skills to facilitate higher productivity employment and labor mobility. It also aims at deepening the shift towards a more climate resilient agriculture initiated during the Green Morocco Plan (*Plan Maroc Vert*, PMV). This strategic thrust is fully consistent with the response needed to address the crisis brought by the COVID-19 pandemic, as well as to address the longer-term structural constraints in the agricultural sector, e.g. to address recurring droughts.

2. Morocco has made significant social and economic progress over the past decade due to large public investments, political, institutional and sector reforms, along with measures to ensure macroeconomic stability. The resulting growth has led to dramatic improvements in eradicating extreme poverty, a sharp decline in the national poverty rate, increased life expectancy, greater access to basic public services, including universal access to primary education, and significant public infrastructure development. In the 2000-2019 period, Morocco's real per capita Gross Domestic Product (GDP) almost doubled from US\$1,727 to US\$2,948. However, economic growth remains below potential, dependent on natural resource sectors and constrained by low productivity. Real GDP growth slowed down in 2019 to 2.7 percent compared to 4.1 percent in 2017, due to the volatile performance of the rainfed agricultural sector and slow growth in the tertiary sector.

3. Growth is projected to take a significant hit in 2020 compared to the pre-COVID-19 pandemic projections, whereas the financing needs of the GoM will increase. The COVID-19 pandemic is posing a significant challenge for Morocco's public health system, with wide-ranging social and economic implications. Over the coming months, the COVID-19 outbreak could claim more lives and is likely to have negative impacts on food and nutritional security, particularly for the most vulnerable and poor. The crisis is also expected to have a significant impact on the economy. Real GDP is projected to shrink by 4 percent in 2020, compared to a 3.6 percent growth expected before the pandemic. This projected economic contraction is mainly driven by a declining production of goods and services and reduced exports due to social distancing measures and disrupted global value chains, as



well as by a decline in tourism in the context of border lockdowns. The crisis will also adversely affect the fiscal deficit and in turn the central government's debt as tax revenues, customs duties and grants decline, while the authorities ramp up spending on healthcare and social safety nets.

4. Despite ambitious sectoral programs, the pattern of growth has not been sufficiently inclusive, leaving rural areas behind. Poverty rates in rural areas remain twice as high as those at the national level, while the rural population accounts for 79.4 percent of the poor. Job creation is also particularly weak, with inclusiveness and job quality posing significant challenges, especially for the youth, women and educated workers. Net job creation has been insufficient to keep up with the annual increase of the working-age force (over 300,000 per year) and the unemployment rate has remained high (9.2 percent in 2019) and even higher among the youth and the educated. Female labor force participation remains very low (25 percent in 2017), with women working predominantly in low productivity sectors and low-skill occupations.

5. Recognizant of these challenges, His Majesty King Mohamed VI, in his speech for the 20th anniversary of the Throne on July 28, 2019, called for a new and inclusive development model, underlining a key role of the private sector in supporting economic and social inclusion. He highlighted that while Morocco has made solid progress in infrastructure, connectivity, and access to basic services, significant challenges related to human development, social and economic inclusion and territorial disparities persist and require a revision of the country's development model. His Majesty has created a special commission tasked with delineating a new development model for the country and emphasized the need for deeper and faster reforms to improve public services, spur economic openness, and enhance (and coordinate better) sectoral strategies.

Sectoral and Institutional Context

6. The sizeable public and private investments under the PMV have led to a strong sectoral performance over the last decade and a structural shift in the composition of agricultural GDP. Since the late 1990s, agricultural supply in high-productivity subsectors has improved markedly. This positive momentum was further accelerated by the PMV, with record achievements, notably for olives, citrus and red meat subsectors.¹ The increase in the share of production that is less vulnerable to climate variations has led to a decrease in the variability of agricultural GDP overall.

7. Moroccan agri-food exports also recorded sustained growth during the 2000-2018 period, reducing the agri-food trade deficit. Exports grew at an average annual rate of 9.5 percent and 8.2 percent, for exports of raw and processed agri-food products, respectively. This positive trend has reduced the trade deficit of agri-food products, which fell by 47.1 percent over the 2008-2018 period² (from MAD2.4 billion to MAD1.13 billion). Despite this decline, the coverage rate of agri-food imports remains relatively low, standing at 52 percent over the 2008-2018 period. Morocco could increase its agriculture exports further, provided it diversifies its export products and markets, and puts in place policies that allow it to enhance its competitiveness. The country's agricultural exports have remained concentrated on a very limited number of products and markets, although the PMV provides a set of subsidies for export promotion and diversification. In 2018, 20 products³ accounted for 71 percent of total agricultural and agro-industrial exports, of which only 9 products accounted for 51 percent. In 2018 and in terms of values, more than 71 percent of agriculture exports were concentrated on the European Union (EU) and 72

¹ Their production recorded average annual growth rates of 7.8 percent, 6.3 percent and 4.8 percent, respectively, over the period 2008-2018.

² Ministry of Finance: "Le secteur agricole marocain : tendances structurelles, enjeux et perspectives de développement" (2019)

³ According to the 10-digit SH classification



percent of exports to the EU are concentrated on two countries that are France (40 percent) and Spain (32 percent).

8. The agricultural sector remains the main provider of jobs in Morocco, with a contribution of nearly 38 percent of total employment. In rural areas, this proportion increases to 73.7 percent, which positions agriculture at the center of economic and social challenges in rural areas. Despite the relative decline in its share in total employment, agricultural employment in absolute terms has been mostly stable, evolving at an annual growth rate of -0.38 percent over the period 2000-2016. While Morocco is experiencing a relative stability in its agricultural employment, other comparable countries, such as Egypt, Turkey and Mexico, recorded a relative increase in their employment in the sector, with annual growth rates of 1.51 percent, 1.25 percent and 0.18 percent respectively over the same period.

9. Climate change is putting increased pressure on water and land resources and is likely to have severe negative impacts on agricultural production, thus raising important food security issues. Overall, mean temperatures already have risen by 0.9 degrees centigrade since 1960. The increasing variability of precipitation and the higher frequency of droughts are likely to reduce the availability of water resources which would in turn negatively impact agricultural yields. Morocco has already experienced a sharp decrease in water availability per capita of nearly 71.5 percent over the period 1950-2010, below the threshold of water stress ($1,000 \text{ m}^3 / \text{person / year}$) and getting close to the threshold of absolute scarcity ($500 \text{ m}^3 / \text{person / year}$). According to the Intergovernmental Panel on Climate Change (IPCC), additional temperature increases of as much as three to seven degrees Centigrade are projected for Morocco by 2100. The largest increases (four to seven degrees) are anticipated for the summer months (June-August). Annual precipitation is projected to decline by 10-40 percent, including a 10-30 percent decrease during the wet season from October to April, and a 10-40 percent decrease during the dry season, from May to September. Consequently, droughts and other extreme weather events will increase in frequency and intensity in Morocco and affect agricultural productivity substantially, considering that 83 percent of the cultivated area is rain-fed. Moreover, agriculture and land use activities represent the second main source of greenhouse gas emissions (20.6 percent) in Morocco, although their overall volume remains low. To ensure the sector's sustainability, Morocco has incorporated climate change into its development strategies to manage its impact and reduce vulnerabilities. Morocco's vision is to make its territory and people more resilient to climate change, while ensuring a rapid transition to a low carbon economy.

10. Based on lessons learned, the GoM is now looking under GGS at ways to deepen and increase the positive impacts of the PMV. On the production and marketing side, the evaluation of the PMV carried out by the Ministry of Agriculture, Marine Fisheries, Rural Development, Water and Forests (*Ministère de l'Agriculture, de la Pêche Maritime, du Développement Rural et des Eaux et Forêts*, MAPMDREF) in 2018 highlights three main areas of improvement: (i) better structuration of distribution channels; (ii) the modernization of slaughterhouses; and (iii) more value addition. But the same evaluation also points to the need for a more inclusive strategy, acknowledging that the PMV has not benefited enough small-scale producers and other vulnerable groups, particularly women and youth. Hence, building on the achievements of the PMV, the new strategy focuses on creating a rural middle class with a strong focus on increasing human capital and ensuring sustainable agricultural development.

11. MAPMDREF is responsible for designing and implementing the Government's agriculture and rural development policy. The Ministry coordinates the implementation of GGS with the support of several autonomous agencies that it oversees. Those agencies include: (i) National Food Safety Agency (*Office National de Sécurité Sanitaire des Produits Alimentaires*, ONSSA) which controls the application of norms and regulations related to food safety and SPS (sanitary and phytosanitary products, seed and plant varieties, pests and diseases,



traceability), (ii) National Agricultural Extension Agency (*Office National de Conseil Agricole*, ONCA), responsible for providing training and advisory services to producers and their organizations, and (iii) Agricultural Development Agency (*Agence pour le Développement Agricole*, ADA) which promotes private investment in both commercial and smallholder agriculture projects.

PforR Program Scope

12. **The GGS launched in February 2020 by his Majesty King Mohammed VI is the current Government's program for the agri-food sector and builds on the successes of the previous program, the PMV.** This strategy is predicated on the adoption of a new vision for the agricultural sector, new governance arrangements and the provision of modern tools for agricultural development. Furthermore, with the outbreak of the COVID-19 crisis, the GGS is expected to be instrumental to the recovery and resilience of rural populations. It is based on two overarching strategic orientations, namely: (i) **priority to the human element** through the emergence of a new generation of agricultural middle class (350,000 to 400,000 households), the advent of and support to a new generation of young entrepreneurs, notably through the mobilization of one million hectares of collective land, the emergence of a new generation of agricultural organizations supported by efficient inter-professions, and the implementation of a new generation of support mechanisms; and (ii) **the sustainability of agricultural development** through the consolidation of the performance of agricultural value chains, with a view to doubling exports and agricultural GDP by 2030, and the improvement of product distribution processes through the modernization of wholesale markets; the strategy also lays the groundwork for strengthening the resilience and sustainability of agricultural development, as well as improving the quality and capacity for innovation. The implementation of this strategy will require an annual increase in the sector's budget of almost 2.5 percent as of 2020. The GGS will be implemented over the 2020 decade period, in particular at the territorial level, according to the comparative advantages of each region, in coordination with all stakeholders, and in accordance with the principles of good governance, with close monitoring and evaluation of investment activities as well as production efficiency and yield indicators.

13. **The Program would focus on three key areas of the GGS that are inherently interdependent:** (i) Increased job opportunities and income generation for rural youth; (ii) improved efficiency of agri-food marketing systems; and (iii) enhanced digitalization of agriculture and adoption of climate-smart practices, as well as strengthened Monitoring & Evaluation (M&E) capacity of implementing agencies. The Program would support the incentive schemes and ecosystem with a focus on enabling the private sector to provide digital and climate smart technologies and getting farmers and agri-food SMEs to adopt these technologies. Increased adoption of these technologies is expected to completely transform the Moroccan agri-food sector and contribute to reaching the higher-level objectives of the GGS: (i) valorization of the human capital through the creation of a new rural middle class and support to a new generation of young entrepreneurs for the creation of jobs in rural areas (especially for the youth and women); and (ii) sustainability of agricultural development, through consolidated agri-food value chains and strengthened resilience to climate change. The Program would also contribute to investments for green channels and digital transformation which are important to mitigate the current COVID-19 pandemic (and prepare for future similar crises).

14. **Program beneficiaries.** While some of the Program's activities will benefit a broad range of stakeholders in the agri-food sector, the Program will include activities specifically aimed at promoting the inclusion of young people in agriculture-related entrepreneurial activities, and small and medium producers and enterprises with modern value-chains, including their capacity to produce and commercialize value-added products. Direct Program beneficiaries will include young people in rural areas, small and medium producers and enterprises engaged in the agri-food sector (of which 25 percent are female). Those beneficiaries and a broader range of stakeholders will also benefit from increased efficiency of wholesale markets, the development of innovations in



digital agriculture and improved food safety and quality. Those beneficiaries include enterprises in the agri-food sector, such as aggregators, traders and exporters, as well as Moroccan consumers, who will benefit from safer and better-quality products. It is estimated that approximately 200,000 agri-food producers and entrepreneurs would benefit from one or more of the Program activities in the regions included in the Program area. Finally, the Government agencies involved in the Program (MAPMDREF, ONCA, ONSSA, ADA, Morocco Foodex⁴, IAV, INRA, DRAs⁵, and ORMVAs⁶) will benefit from increased capacity to implement their mandates and to monitor and evaluate the results of their respective programs.

15. Table 1 below summarizes the content of the Government's GGS program as well as the scope of the proposed Program. The Program would support selected activities of the eight areas of intervention of the GGS over a five-year period (2021-2025). The Program geographic area would include: (a) the regions of Béni Mellal-Khénifra, Casablanca-Settat, Drâa-Tafilalet, Fès-Meknès, Marrakech-Safi, Oriental, Rabat-Salé-Kénitra, Souss-Massa and Tanger-Tétouan-Al Hoceïma; and (b) the provinces of Guelmin, Tan-Tan and Sidi Ifni.

Table 1: Key attributes and scope of the Program

Attributes	Green Generation 2020-2030	PforR
Development objective	The Green Generation Strategy 2020-2030 aims to reach a new level of development in Moroccan agriculture, by capitalizing on the achievements made by the PMV, through (i) a new development vision, (ii) the adoption of a new governance and (iii) the provision of modern means for the agricultural sector.	The PforR aims to increase the economic inclusion of youth in rural areas, and the efficiency and environmental sustainability of agri-food value chains, to be achieved under three Results Areas (RA): <ul style="list-style-type: none"> – RA 1: Increased job opportunities and income generation for rural youth. – RA 2: Improved efficiency of agri-food marketing systems. – RA3: Enhanced digitalization of agriculture and adoption of climate-smart practices.
Period	2020 - 2030	2021 – 2025
Global Budget	US\$10.00 billion (2020-2030)	US\$487 million

C. Proposed Program Development Objective(s)

Program Development Objective(s)

The PDO is to increase the economic inclusion of youth in rural areas, and the marketing efficiency and environmental sustainability of agri-food value chains.

16. **The PDO results indicators are:** (i) number of young people who have created agriculture-related enterprises that have been operational for at least six months (percent of whom are women); (ii) value of local products marketed through wholesale marketing platforms; and (iii) number of producers adopting additional

⁴ Etablissement Autonome de Contrôle et de Coordination des Exportations (Morocco Foodex) is in charge of the promotion of agri-food export.

⁵ The Directions Régionales de l'Agriculture (DRAs) are the deconcentrated entities of MAPMDREF in the different regions.

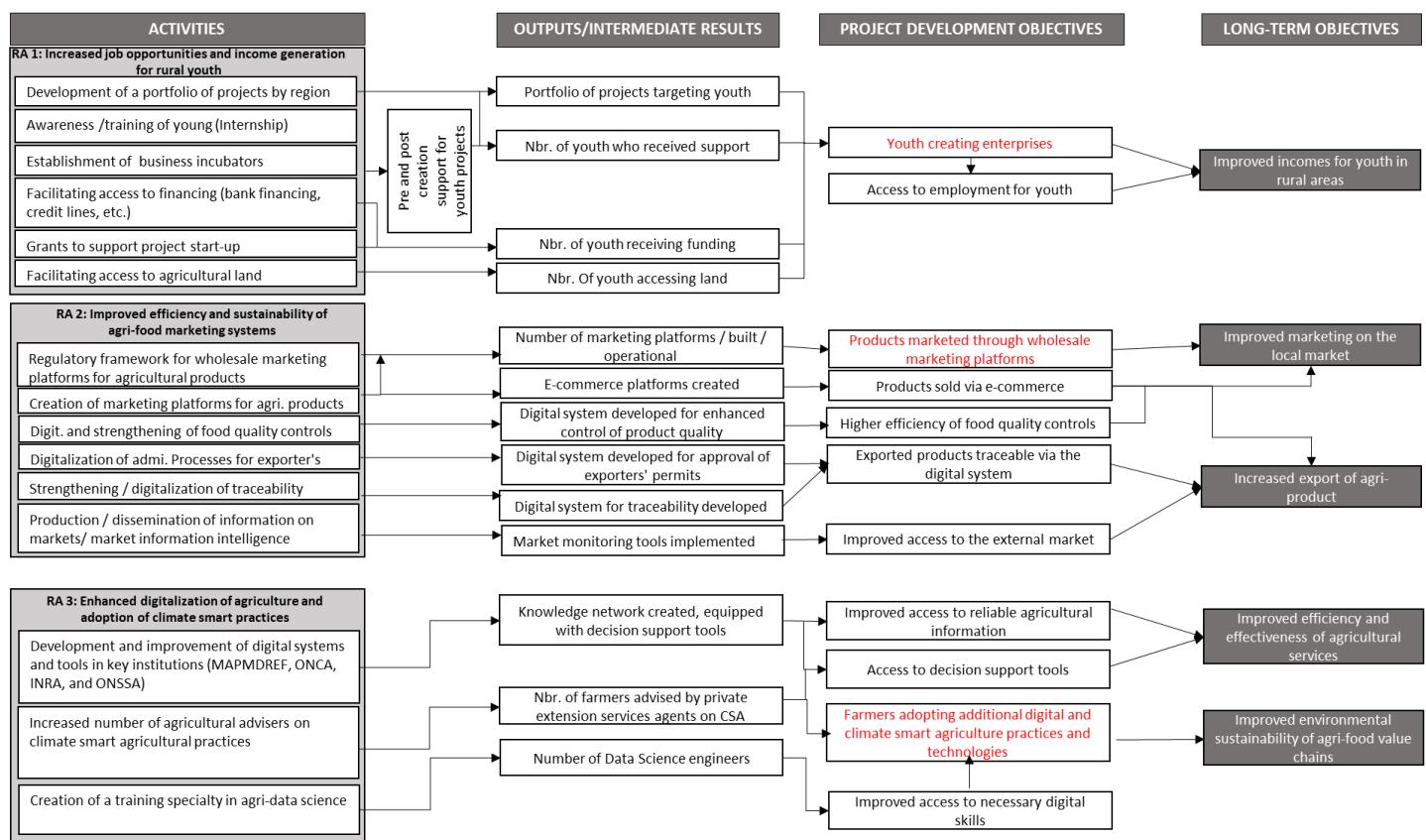
⁶ The Office Régionaux de Mise en Valeur Agricole (ORMVAs) are autonomous agencies tasked with developing the potential of agricultural land through constructing new irrigation schemes and rehabilitating and modernizing existing ones; ensuring Operation and Maintenance (O&M) of irrigation and drainage facilities; and providing irrigation advisory services to farmers.



digital and climate smart technologies and practices (percent of whom are women). A core indicator to be measured is the number of expected direct beneficiaries (percent of whom are women).

17. **Figure 2 below summarizes the Program's Theory of Change (ToC).** The ToC depends on several critical assumptions and could be affected by several internal and external factors. First, the ToC assumes that even in the event of political changes, support to the agricultural sector as well as to the implementation of the GGS would remain a top priority for the Government. Second, the ToC assumes political commitment to envisaged structural reforms (i.e. those related to wholesale markets; incentives targeted to youth; and access to agricultural land) are timely implemented and that all involved stakeholders support efficiently and in a coordinated manner the Program implementation. Moreover, the ToC assumes that the public sector institutions, especially in rural areas, are willing to facilitate the creation of an enabling business environment for rural enterprise development and that commercial banks are also supportive of such program (provision of loans to rural youth to start their agri-enterprises).

Figure 2: Morocco Green Generation PforR - Theory of Change



D. Environmental and Social Effects

18. **An Environmental and Social Systems Assessment (ESSA)** has been prepared by the World Bank for the proposed PforR. It assesses the national environmental and social management systems and those of the



implementing and executing agencies of the Program, against the ESSA core principles and exclusions of the World Bank's Policy and Bank Directive on Program-for-Results Financing, and the Bank Guidance on Program-for-Results Financing Environmental and Social Systems Assessment ⁷. The ESSA is based on documentation review, engagement with stakeholders at national and local levels, and engagements with a sample of Regional Directorates of Agriculture. The ESSA evaluates the track record of previous operations funded by the World Bank in the agricultural sector in Morocco.

19. The environmental and social risks and negative impacts associated with the Program are considered moderate in their entirety. A draft ESSA was prepared by the bank and assessed the environmental and social risks under the program and proposed the necessary mitigation measures to be integrated into the Program Action Plan. The risks will be reversible and can be mitigated with the proposed measures. The risks will be easy to identify in advance and to prevent and minimize through effective mitigation measures. They will be subject to an environmental monitoring and follow-up system that will allow for the identification and management of potential risks in real time. Depending on the type, scope and extent of work under this Program, the negative social and environmental impacts should be typical construction risks specific to the site and generally limited to the construction phase. For some program activities, in particular the wholesale markets, social action plans have to be prepared to ensure inclusive planning of those activities and to avoid negative social outcomes. Social risks beyond land acquisition, notably aspects of diversity such as the inclusion of vulnerable groups, universal access for people living with a disability, ensuring gender equity, and the establishment of functioning grievance redress mechanisms will require measures new to the implementing and executing agencies. Environmental and social mitigation measures will be developed with the relevant agencies, and a rigorous environmental and social monitoring and control system should make it possible to minimize and manage risks and impacts. Those measures are included in the ESSA- and Program Action Plan, and will require improvements in funding, personnel, and capacity.

20. The ESSA- and Program Action Plan include specific measures aimed at strengthening environmental and social management systems at the level of each executing agency and according to their responsibilities in the implementation and monitoring of Program activities. The Program will support the development of practical tools for executing agencies to (i) diagnose the environmental and social risks associated with their activities, (ii) identify relevant risk mitigation measures, and (iii) monitor the implementation of applicable risk mitigation measures. Their use of these tools and the implementation of risk mitigation measures will be monitored as part of the annual performance evaluation. The latter will include specific indicators on environmental and social management under the Program.

21. The project implementing unit will include a dedicated environmental and social focal unit whose role will be to organize and coordinate capacity building activities, to provide practical support to participating agencies in the application of the E&S tools developed in the Program and to monitor and evaluate E&S management systems at the Program level. Each participating agency in the Program will designate an E&S focal point whose role will be to implement the E&S systems and support the E&S focal unit of the PMU in monitoring and reporting on the implementation of the management system.

22. Morocco has several institutions responsible for handling and settling complaints. The national Grievance Redress Mechanisms (GRM) and institutions available have been elevated to the rank of constitutional bodies to give them the independence and financial autonomy necessary to validate their power of self-orientation. MAPMDREF as implementing agency (IA) has some experience with handling complaints and grievances related

⁷<https://spappscsec.worldbank.org/sites/ppf3/PPFDocuments/Forms/DispPage.aspx?docid=e6f1f05d-74b8-44b3-9d84-a59afc3c4a32&ver=current>



to national programs. The IA will be responsible of maintaining and supervising (and creating, if not yet existing) a GRM that allows Program beneficiaries and other participants to voice complaints and comments regarding to Program implementation, including those relating to other executing agencies.

E. Financing

Program Financing

Sources	Amount (USD Million)	% of Total
Counterpart Funding	172.00	35.32
Borrower/Recipient	172.00	35.32
International Bank for Reconstruction and Development (IBRD)	200.00	41.07
Cofinancing - Other Sources (IFIs, Bilaterals, Foundations)	115.00	23.61
FRANCE: French Agency for Development	115.00	23.61
Total Program Financing	487.00	

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Borrower/Client/Recipient

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**Implementing Agencies**

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