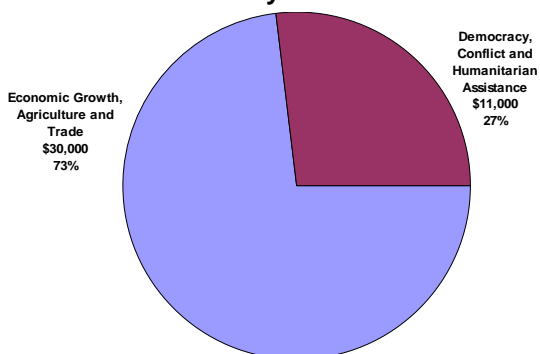
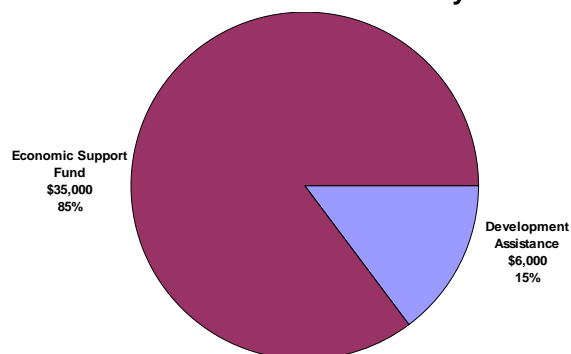


Morocco

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



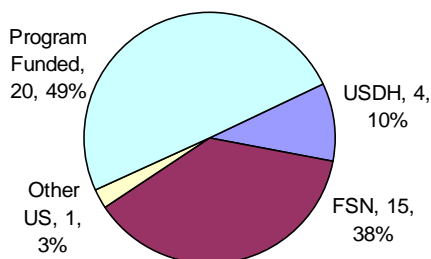
Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Free Trade Agreement Support	608-011	3,400	7,200	17,600
Education For a Better Future	608-012	2,000	14,640	12,400
Improved Government Responsiveness to Citizens	608-013		4,000	11,000
Total (in thousands of dollars)		5,400	25,840	41,000

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,720	1,945	2,069
USDH Salaries & Benefits	407	429	438
Program Funds	1,235	1,686	2,376
Total (in thousands of dollars)	3,362	4,060	4,883

FY 2006 Workforce



Mission Director: Monica Stein-Olson

Morocco

The Development Challenge: Morocco has a per capita income of \$1,200, placing it in the lower class of middle-income countries in the region. Its social indicators are among the lowest in the region. Approximately 49% of adults aged 15 and above were illiterate in 2002, placing Morocco at 20th among the 22 Arab League countries (surpassing only Mauritania and Yemen). Women are particularly affected, with female illiteracy rate at 62 percent, and significantly higher in rural areas.

Progress made in the early nineties in poverty alleviation has been lost: approximately 20% of the total population remains under the absolute poverty line (about one dollar per day), with two-thirds being located in rural areas (3.5 million, or more than 10% of the population). Moreover, about 55% of the rural population and 33% of the urban population were considered “economically vulnerable” in 2003. The country's economy remains overly dependant on rain, and adverse climatic conditions directly impact the level of rural poverty. Economic growth is further constrained by government policies that retard rapid modernization of the rural economy, diversification of cereal production, and efficient use of scarce water resources. Urban poverty is a direct consequence of unemployment, which is particularly high among youth (up to 35.4% in 15-24 year olds in 2004 alone). Such a high unemployment among youth contributes to insecurity and instability in urban areas.

In 2004, the government managed to maintain macro-economic stability, continue its investment program and advance the implementation of its reform agenda. At around 3.5% of the gross domestic product (GDP), the fiscal deficit will not exceed affordable levels and inflation will be contained around 2%. With regard to public investment and policy reform, achievements exceeded targets in many sectors. For example, the number of students enrolled in vocational training doubled as compared to the previous year. Social programs, including rural electrification, potable water and rural roads met or exceeded targets. A new family code -- Moudawana -- considered as one of the most progressive in the Arab region, was promulgated. Free trade agreements were signed with the U.S. and several countries in the region. The health coverage scheme began as planned and the liberalization of several sectors (air transportation, radio-TV, and telecommunications) met set deadlines.

The above progress was achieved despite several adverse exogenous events. In February, a violent earthquake hit the northern region of Al Hoceima. The disaster killed more than 1,000 people and damaged basic infrastructure and houses in an already poor, underserved region. Despite donor support, the country continues to carry a significant financial burden, and the living conditions in that region are still substandard. In February, locusts began to invade the south of the country. The government mobilized substantial equipment and resources to successfully stop the expansion of the swarms. Morocco also provided significant support to its neighboring countries (Mauritania, Senegal, and Mali) to contain the plague. Despite these efforts, locusts returned in large numbers in the fall, with swarms reaching the north-eastern region and spreading from the Canary Islands to the Middle-East. The unprecedented increase in oil prices was a significant shock that affected Morocco's economy as well. Unlike most countries in the region, Morocco imports almost 100% of its oil. The Government of Morocco's (GOM) policy to preserve the purchasing power of the poor requires keeping energy prices at a stable, affordable level. Thus, instead of raising the prices to keep up with imported oil levels, the government automatically reduces the level of taxes, which directly impacts its revenues and widens the fiscal deficit.

Morocco is important for U.S. interests in the region as its oldest ally and as a stable, democratizing, and liberalizing Arab Muslim nation. It is also important as a partner in the global war on terrorism and as a constructive force in the pursuit of Middle East peace and other regional security challenges. The key challenges for the country are creating jobs for a fast growing labor force and addressing the gaps in meeting the basic needs of the population.

The USAID Program: For USAID/Morocco, FY 2004 was an intense and challenging year because of the transition between two strategies and the overlap of old and new activities. This transition between two strategies was smoothly done at the same time that the Mission was managing a 50% reduction in force. The Mission smoothly closed out five old Strategic Objectives (SOs): increased opportunities for domestic and foreign investment; improved water management; population, health and nutrition; basic

education for girls; and support for civil society. Also during this year, the Mission designed new activities in the areas of economic growth and job creation, education and workforce training, and democracy and governance. Brief descriptions of three objectives are below.

Increased Economic Growth and Job Creation (Strategic Objective 11): USAID Morocco initiated the design of three separate but complementary programs whose objectives are: 1) increased productivity in agriculture and agribusiness; 2) the creation of new business opportunities in areas outside of agriculture and agribusiness; and 3) an improved business environment. A contract for the first program will be awarded by late December 2004 or early January 2005, while the other two will be contracted in early 2005.

Improved Education and Training for Employment (Strategic Objective 12): USAID finalized the design of the new activity and launched a major procurement through full and open competition. The contract was awarded after the fiscal year ended. Concurrent to this major procurement, USAID launched two new, visible start-up activities for the new SO: 1) a Global Development Alliance (GDA) public-private partnership between USAID, CISCO, UNIFEM and the GOM, entitled Achieving E-equality in Information Technology, and 2) the National Education Accounts (NEA) pilot project with the Ministry of National Education (MNE).

Improved Government Response to Citizen's Needs (Strategic Objective 13): The DG team finalized the design and concluded a contract for assistance to the parliament (Intermediate Result 13.1). Other procurements are underway. In addition, programming continued from the previous SpO 9 to improve government responsiveness to the needs of women. The adoption in 2004 of the revised Moudawana requires increased awareness of these new and expanded rights for women on the part of many government officials and Moroccan women alike.

Other Program Elements: As of 2004, 22 Middle East Partnership Initiative (MEPI) activities were implemented in Morocco through USAID mechanisms. Eighteen of these were directly managed by USAID/Morocco under the pillars focusing on politics, economics, education and women. Total Morocco-specific commitments/earmarks amounted to \$16,624,000, including multi-country programs. While approximately half of MEPI funds transferred to USAID/Morocco were obligated under existing or new agreements, unilateral commitments have dramatically increased the number of management units. The amount of management units has affected the Mission's ability to implement and manage the programs efficiently. In addition to operational challenges, USAID/Morocco faces programmatic challenges, as an internal audit demonstrated that not all of the MEPI-funded activities contribute to its strategic objectives, and performance indicators were not defined. The quick-response nature of selected activities is not always consistent with the need for sustainability.

Other Donors: In 2003, official development assistance (ODA) to Morocco declined by about 6% as compared to the previous year (\$316 million vs. \$336 million). Grants represented about 72% of the total. The main characteristic of ODA this year is a significant shift from macro-economic to infrastructure aspects, including roads, ports, railroads, telecommunications, airports, hydro-electricity and irrigation. Assistance to social sectors stabilized at about one third of total ODA. The European Union provided almost half (48.9%) of the foreign assistance. In 2003, USAID was the second bilateral donor, on a par with Germany (4.5%) and behind France (21.6%). Coordination among donors has improved somewhat in 2004, with impetus from multilateral and bilateral donors, including USAID. Channels for exchange of information and sector coordination have been established and the host country government is engaged and playing an increased role in the process.

Morocco PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Development Assistance	6,644	5,400	6,000	6,000
Economic Support Fund	0	0	19,840	35,000
Total Program Funds	6,644	5,400	25,840	41,000

STRATEGIC OBJECTIVE SUMMARY				
608-005 Expanded Business Opportunities				
DA	2,891	0	0	0
608-006 Integrated Water Management for Sustainable Dev.				
DA	2,225	0	0	0
608-008 Keeping Girls in School				
DA	1,528	0	0	0
608-011 Free Trade Agreement Support				
DA	0	3,400	3,200	5,600
ESF	0	0	4,000	12,000
608-012 Education For a Better Future				
DA	0	2,000	2,800	400
ESF	0	0	11,840	12,000
608-013 Improved Government Responsiveness to Citizens				
ESF	0	0	4,000	11,000

Mission Director,
Monica Stein-Olson

Data Sheet

USAID Mission:	Morocco
Program Title:	Free Trade Agreement Support
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-011
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$3,200,000 DA; \$4,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$5,600,000 DA; \$12,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's economic growth strategy is to assist Morocco in successfully responding to the challenges and opportunities of the more liberalized trading environment that will be brought about by the Free Trade Agreement (FTA) with the United States, the Association Agreement with the European Union, other FTAs, the WTO Doha Development Round, and Morocco's own reform efforts. Three intermediate results (IRs) contribute to achieving this objective: 1) Increased productivity in agriculture and agribusiness; 2) Creation of new business opportunities outside of agriculture and agribusiness; 3) An improved business environment.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Agricultural Productivity (\$2,200,000 DA; \$1,600,000 ESF). By January 2005, an implementation contract should be in place. Policy reform activities will initially focus on specific actions required by the FTA and other trade agreements. Business development activities will include market research and the identification of targeted value chains. \$1,000,000 in DA funds were obligated in November 2004 to support the government efforts in fighting a locust invasion which directly threatened food and revenue resources for millions of people in the southern and eastern regions of the country. Another \$500,000 was re-programmed under a closing activity to match the U.S. Office of Foreign Disaster Assistance (OFDA)-provided amount of \$1,500,000.

Increase Private Sector Growth (\$500,000 DA; \$1,200,000 ESF). By May 31, 2005, an implementation contract should be in place. Business development activities will focus initially on market research that identifies specific opportunities for the expansion of trade and investment linkages between the United States and Morocco. Support for the expansion and improvement of information and communications technology will provide a unifying theme for all activities. Up to \$40,000 in ESF will be transferred to the US Embassy in Morocco, under a 632a agreement, for a small grants fund.

Improve Economic Policy and Governance (\$500,000 DA; \$1,200,000 ESF). By March 31, 2005 an implementation contract should be in place. The program will include activities related to: 1) the policy, legal, and regulatory environment; 2) the commercial judiciary; 3) support systems for financial markets expansion; and 4) tax policy. Policy reform activities will involve the identification of specific policies, laws, regulations, and institutions that represent obstacles to economic growth, form stakeholder groups from both the public and private sectors, and commence required technical and stakeholder analyses.

FY 2006 Program: Improve Agricultural Productivity (\$4,800,000 DA; \$5,000,000 ESF). Policy reform activities will expand from their initial focus on FTA related issues to other areas such as land tenure and access to finance for small farmers and agribusinesses. Business development activities will expand the provision of expertise and small pilot projects to all levels of selected value chains. Increase Private Sector Growth (\$400,000 DA; \$3,500,000 ESF). Activities will shift focus from market research to an increased provision of technical assistance and training to selected outward-oriented industries to take advantage of identified market opportunities, and the development of backward linkages into the rest of the economy. The program will continue to emphasize the expansion of trade and investment linkages between Moroccan and American firms.

Improve Economic Policy and Governance (\$400,000 DA; \$3,500,000 ESF). The focus will shift from the identification of issues and the formation of stakeholder groups to an increased emphasis on the provision of technical assistance to selected public and private institutions. At this point a decision will be made concerning the selection of a private concessionaire to implement a credit reference bureau serving the entire economy.

Performance and Results: After final approval from USAID Washington for the new Strategic Objective on January 16, 2004, USAID Morocco signed a \$38.4 million, five-year Strategic Objective Agreement with the Government of Morocco on April 30, 2004. Projected funding includes \$26.4 million in Development Assistance funds and \$12 million in Economic Support Funds. Subsequently, USAID Morocco designed three complementary programs whose objectives are: 1) increased productivity in agriculture and agribusiness; 2) the creation of new business opportunities in areas outside of agriculture and agribusiness; and 3) an improved business environment.

Increase Agricultural Productivity: In FY 2004, USAID developed a program in collaboration with the Ministries of Agriculture and Commerce and Industry, and other local partners that addresses critical reform issues in agriculture. In light of the concerns expressed by the Moroccan Government about the potential negative impacts of the Free Trade Agreement (FTA) on Moroccan agriculture, USAID Morocco has made this program its number one priority. The program includes both policy reform and business development activities that will involve entire product chains and associated industry clusters. It will help Morocco in its efforts to reduce the level of protection on locally produced agricultural products, and help farmers and agribusinesses expand the production of products in which Morocco has a comparative advantage.

Increase Private Sector Growth: USAID initiated the design of a program that will help develop new business opportunities outside of agriculture and agribusiness, absorb workers displaced from agriculture, and help meet the demands of an expanding labor force. It will involve both policy reform and business development activities and will be implemented in partnership with private industry associations. Activities will include: expanded trade and investment linkages between Moroccan and American businesses that take advantage of the FTA; support for information and communications technology as both a job creator and as an important business service for other growth industries; and linkages between larger, outward-oriented Moroccan firms with smaller domestic oriented suppliers.

Improve Economic Policy and Governance: USAID designed a new program that will work with public and private institutions to implement changes required by the FTA, such as stricter enforcement of intellectual property rights, and which will contribute to broader improvements in the Moroccan business environment. Expected results include: improved policy, legal and regulatory environment; more efficient and effective judiciary; improved support systems for financial markets expansion; more growth-oriented tax policies, laws, and regulations.

US Financing in Thousands of Dollars

Morocco

608-011 Free Trade Agreement Support	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	2,715	3,000
Expenditures	25	529
Through September 30, 2004		
Obligations	2,715	3,000
Expenditures	25	529
Unliquidated	2,690	2,471
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	3,200	4,000
Total Planned Fiscal Year 2005		
Obligations	3,200	4,000
Proposed Fiscal Year 2006 NOA		
Obligations	5,600	12,000
Future Obligations	6,983	0
Est. Total Cost	18,498	19,000

Data Sheet

USAID Mission:	Morocco
Program Title:	Education For a Better Future
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-012
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$2,800,000 DA; \$11,840,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$400,000 DA; \$12,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's objective is to improve training opportunities for Moroccan youth and increase access to quality and relevant basic education (grades 1 to 9). This will be achieved through two components: the "school-to-work" component which aims at creating close connections between training and employment at various post middle school levels; and, the basic education component which aims at improving retention rates and equipping ninth graders with portable and adaptable skills upon middle school graduation. This program will also assist Morocco in its fight against illiteracy, through a Middle East Partnership Initiative (MEPI)-funded literacy component which aims to develop basic training materials focusing on the topics of the revised family code (Moudawana).

Inputs, Outputs, Activities:

FY 2005 Program: Improve Quality of Workforce (\$1,650,000 DA, \$6,000,000 ESF). The purpose of this program is to assist the Government of Morocco (GOM) to improve the quality of its workforce and the relevance of workers' skills to the growing and changing demands of business and industry. USAID will assist training institutions and technical high schools in three regions in order to provide computer training and other skills in demand by the private sector. FY 2005 is the first year of implementation of the program. Initial activities include site selection and identification of participating vocational training institutions and technical high schools, collection of baseline data and determination of targets, kick-off workshops, roundtables and conferences to seek full private sector participation, and faculty initiation and training. In addition, the project will improve job placement mechanisms and will establish a roster of private sector partners for student internships and job placements. Some funds will also be used for the USAID-CISCO-United Nations Fund for Women-GOM (USAID-CISCO-UNIFEM-GOM) partnership for "Achieving E-equality in the IT sector in Morocco." Some 700 Moroccan students (40% women) will be initiated to the Cisco Computer Networking Associate (CCNA) program combined with job-preparedness training. Principle contractors are: Academy for Educational Development (prime), UNIFEM (prime), Management Systems International (sub), Morocco Trade and Development Services (sub), and Research Evaluation Development Analysis (sub). Up to \$40,000 in ESF will be transferred to the US Embassy in Morocco, under a 632a agreement, for a small grants fund.

Improve Quality of Basic Education (\$1,150,000 DA, \$5,840,000 ESF). This program will focus on basic education at the primary and middle school levels. Funds will be spent on activities such as site selection and identification of participating middle and primary schools, collection of baseline data and determination of targets, kick-off workshops, roundtables and conferences to seek non-governmental organization (NGO) and private sector contributions, and other activities. Funds will also be used to provide grants to NGOs for literacy training and physical upgrading of schools. Moreover, some funds will be used to incrementally fund the National Education Accounts Task Order that will provide a framework and methodology for measuring total education expenditures. Principle contractors are: Academy for Educational Development (prime), Management Systems International (sub), Morocco Trade and Development Services (sub), and Research Evaluation Development Analysis (sub).

FY 2006 Program: Improve Quality of Workforce (\$200,000 DA; \$6,000,000 ESF). By FY 2006, USAID expects to have been successful in obtaining private sector buy-in to the program and in maintaining a dynamic and open dialogue between the business/industry and training sectors, which should lead to

concrete and mutually beneficial innovations in skills training programs. Funds will largely be spent on the development of training materials and faculty training. A number of Moroccan and American consultants will be enlisted to participate in this process in order to build the capacity of the local institutions' faculty and leadership. Improving job placement mechanisms and the organization of initial job fairs is also envisioned in FY 2006.

Improve Quality of Basic Education (\$200,000 DA; \$6,000,000 ESF). In FY 2006, USAID expects to have entered in partnerships with local groups to collaboratively work with the selected middle schools and their feeder schools for physical upgrading, improved school leadership and parent participation. Funds will be spent on school improvement, women's literacy programs, the development of relevant training materials and teacher/faculty training, as well as on the training of middle school directors and school committees. Moroccan consultants will be used in order to create local capacity at the appropriate teacher training centers.

Performance and Results: During FY 2004, USAID completed its girls' education program and launched a major new education program as a replacement. The Morocco Education for Girls (MEG) project, the largest activity under the old program, demonstrated an increase in girls' primary school enrollment in pilot schools, provided the Moroccan education system with high quality training materials, built the capacity of the Ministry of National Education (MNE) and selected Teacher Training Colleges through its training-of-trainers programs. This project far exceeded expectations with the training materials developed by USAID being adapted beyond the eight pilot provinces USAID was working in, to the entire country. Also in FY 2004 USAID launched two new activities: a public-private partnership between USAID-CISCO-UNIFEM and the GOM, entitled "Achieving E-equality in IT in Morocco", and the National Education Accounts (NEA) pilot project with the MNE. In addition, USAID continued to manage two MEPI-funded projects: "Scholarships for Success", implemented by the Rural Girls' Scholarship Committee (CSSF); and "Women's Literacy for Sustainable Development", implemented by Helen Keller International (HKI).

The USAID-CISCO-UNIFEM-GOM partnership for IT introduces CISCO Certified Network Associate (CCNA) training along with job readiness training (focus on women) to twelve Moroccan institutions. CISCO contributes free online access to the CCNA 1-4 courses, an in-country CISCO coordinator, and limited equipment. USAID funds UNIFEM, the implementing agent and the necessary lab bundle equipment for the participating institutions.

The NEA will contribute to policy formulation and decision making by providing the Ministry of National Education (MNE) with a framework and methodology for measuring total public, private, and donor education expenditures. The project is creating in-house capacity within the MNE to allow for subsequent regular NEA updates.

During FY 2004, MEPI granted CSSF an additional \$300,000 to launch five dormitories for approximately 100 girls thus enabling the girls to attend middle school starting in the 2004-2005 school year. Although the girls are selected based on their school records (among other criteria), their educational level is an issue. Because of their rural school background, most of them lag behind their classmates who attended primary school in a more urban setting. Combined with teacher absenteeism in some of the middle schools, it is difficult for the girls to keep up. The CSSF is taking steps to address the issue. To date, 18 partner NGOs run a total of 23 homes. One NGO has graduated since the start of the program and four are close to becoming independent.

During 2004, MEPI granted HKI an additional \$200,000 to expand its literacy training program for rural women in poverty-stricken villages in the El Haouz (Marrakech) region. Literacy and numeracy classes have been given to some 4,000 women, transmitting hygiene, nutrition and child care messages. Women also learn skills, such as knitting, weaving, and machine/hand embroidery. Upon successful completion of the basic literacy final exam, some women will be able to attend post-literacy classes to learn about small business development for income generation. HKI works in partnership with local organizations to implement the program and to ensure sustainability of the program after the MEPI funding ends.

US Financing in Thousands of Dollars

Morocco

	DA	ESF
608-012 Education For a Better Future		
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	1,792	2,500
Expenditures	42	64
Through September 30, 2004		
Obligations	1,792	2,500
Expenditures	42	64
Unliquidated	1,750	2,436
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	2,800	11,840
Total Planned Fiscal Year 2005		
Obligations	2,800	11,840
Proposed Fiscal Year 2006 NOA		
Obligations	400	12,000
Future Obligations	0	11,800
Est. Total Cost	4,992	38,140

Data Sheet

USAID Mission:	Morocco
Program Title:	Improved Government Responsiveness to Citizens
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	608-013
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$4,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$11,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: In December 2003, USAID and the State Department approved the new USAID/Morocco Democracy and Governance program "Improved Government Responsiveness to Citizens" to be financed by Economic Support Funds (ESF) beginning in fiscal year 2005. In order to avoid a gap in democracy programs in Morocco for FY 2004, the regional Middle East Partnership Initiative (MEPI) provided bridge funding for this program. A contract was awarded at the end of FY 2004 to begin strengthening Morocco's parliament. The rationale for this program is based on the urgent need for the Government of Morocco (GOM) to do a better job of responding to the real needs of its citizens or face the prospect of their looking elsewhere. In addition, good governance is a prerequisite for an enabling environment for investment and job creation. Governance must be transparent, accountable, and equitable. This program strives to support a system that encourages debates and works on improving leadership for the long term while building a partnership between citizens and government to immediately deliver tangible results at the local level. The USAID democracy program is directly related to the MEPI goal of promoting the rule of law and accountable, effective government institutions.

Inputs, Outputs, Activities:

FY 2005 Program: Strengthen Democratic National Governance Institutions (\$750,000 ESF). USAID will help the Parliament of Morocco shape policies and put into motion laws, norms, and standards that will set the environment for the national policy arena in the legislative branch of government. The Parliamentary program has been designed to strengthen Parliament's oversight and policy assessment capacity, as well as its ability to review the national budget, and also to engage citizens and citizen groups in policy through outreach efforts. USAID will develop the capacities of members of both chambers of Parliament and the institution itself to undertake policy research and analysis, strengthen the skills of Parliamentary members directly involved in oversight committees, and improve practices and systems for transparency, accountability and gender in pilot ministries. Principle contractors are The International Development Group of the State University of New York (prime) and ARD (sub).

Promote and Support Anti-Corruption Reforms (\$100,000 ESF). USAID/Morocco will strengthen the capacity of the executive branch in public sector management and auditing. Within the executive branch, USAID will work with the College of Inspectors General of the Ministries, the Inspector General of Territorial Administration and the Control General. Similar capacity building work will be undertaken with the Region Audit Courts. Funding for these activities will be provided under the Sustainable Urban Management II Indefinite Quantity Contract (IQC). Contractor to be determined in early FY 2005.

Support Democratic Local Government and Decentralization (\$3,150,000 ESF). Effective decentralization and devolution will occur when elected local government has the necessary level of qualified personnel and financial resources to formulate, implement, and enforce policy decisions, and to provide services transparently and efficiently. USAID will work at the regional and local government levels to help ensure governance capacities based on democratic practices at these levels. USAID will work at the local level bringing government entities, civil society, and the private sector together to identify problems, prioritize needs and implement solutions, most particularly in the housing sector. USAID will address the Government of Morocco's priority of working on the urban slums by providing support to the development of civil society organizations within the slums and to municipal governments in order to help them respond

to the priorities of the community. The local governance component will support a selected number of cities and work with them to help improve their overall management with special emphasis on improved fiscal performance and responsiveness to the needs of impoverished citizens. USAID will also train both elected and appointed officials in techniques and approaches for community outreach, strategic planning, management and monitoring. Economic Growth activities under SO 11 activities related to microfinance and finance in general, including DCA facilities, will be closely linked to SO 13 efforts to deliver concrete improvements to citizens through improved democratic process. Funding for these activities will be provided under the Sustainable Urban Management II IQC. Contractor to be determined in FY 2005. Up to \$20,000 in ESF will be transferred to the US Embassy in Morocco, under a 632a agreement, for a small grants fund.

FY 2006 Program: Strengthen Democratic National Governance Institutions (\$4,000,000 ESF). USAID will continue helping the Moroccan Parliament shape policies and put laws, norms, and standards into motion that will set the environment for the national policy arena in the legislative branch of government. The parliamentary program has been designed to strengthen Parliament's oversight and policy assessment capacity, as well as its ability to review the national budget that is proposed by the executive branch and also to engage citizens and citizen groups in policy through outreach efforts. Additional support will be provided to national level citizen groups and non-profit organizations with priority policy concerns to improve their organizational development and capacities to address their policy concerns with national governance institutions, both directly and through the newly liberalized media.

Promote and Support Anti-Corruption Reforms (\$1,250,000 ESF). Working in conjunction with activities to improve local government services, USAID/Morocco will strengthen the capacity of public sector management and auditing both in executive branch organs with audit and inspector general functions as well as regional branches of the National Audit Court. By enhancing professionalism and skills for public administration at the local level through strengthened oversight functions, newly devolved local government services will be delivered more transparently and with greater accountability.

Support Democratic Local Government and Decentralization (\$5,250,000 ESF). USAID/Morocco will continue to build on previous work aimed at bringing local level government entities, civil society, and the private sector together to identify problems, prioritize needs and implement solutions, most particularly in the housing sector with a project under the SUM II IQC. Through work such as participatory strategic planning, leadership training for local officials, and integrated budget and planning systems, citizens and government will work to better establish democratic practices at the local level.

Expand and Improve Access to Economic and Social Infrastructure (\$500,000 ESF). Loan guarantees will be supported to promote municipal and urban infrastructure development. Micro credit for housing will also be supported through Development Credit Authority facilities.

Performance and Results: In FY 2004 USAID managed nine activities under the democracy and governance Special Objective (SpO) area through both international and local grants. As a direct result of investments and programming inputs under this SpO, USAID made significant contributions to the evolving political environment and impetus for decentralization and devolution of central authority to regional and local levels of government. USAID assistance facilitated the reform of the local tax structure which was implemented in FY 2004. All of the activities undertaken in FY 2004 went far in informing the evolution of the new USAID/Morocco Democracy and Governance strategy that underpinned SO 13 and which began in late FY 2004.

The success of this new SO is measured by the following illustrative indicators, which will be finalized when the performance monitoring plan is developed:

- Parliament's development and promulgation of policies that would strengthen transparency, accountability, equity and local governance;
- Citizen's perception of corruption in government both at the local and the national level;
- Number of audits in target Ministries and Local Development Units;
- Citizen participation with civil society and local governments;
- Citizen perception of improved service delivery

US Financing in Thousands of Dollars

Morocco

608-013 Improved Government Responsiveness to Citizens	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	449	2,500
Expenditures	0	173
Through September 30, 2004		
Obligations	449	2,500
Expenditures	0	173
Unliquidated	449	2,327
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	0	4,000
Total Planned Fiscal Year 2005		
Obligations	0	4,000
Proposed Fiscal Year 2006 NOA		
Obligations	0	11,000
Future Obligations	0	5,000
Est. Total Cost	449	22,500