

## Data Sheet

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

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