

The Challenge

The most critical challenge facing Morocco, both in terms of development and addressing the root causes of terrorism, is to institute change that impacts the lives of everyday citizens. USAID programs in Morocco are designed to create jobs by taking advantage of the opportunities that have resulted from the Free Trade Agreement (FTA). USAID is working with the Moroccan government and the private sector through grants, contracts, and public-private alliances to promote job creation and investment in agriculture, agribusiness, and rural tourism. USAID is also training and educating an adaptable workforce by providing students with practical business-oriented skills, such as information technology, by improving the quality and relevance of education in FTA-affected rural areas and vulnerable urban areas, and by promoting more effective and transparent democratic institutions.

Objectives, Sectors and Workforce

MCA Status: Compact Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Stand Alone

Mission Director: Monica Stein-Olson

Program Budget (Appropriations by Objective)	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
608-011 Free Trade Agreement Support	3,400	9,160	7,915	10,000	194.1%	1.38	Exceeded
608-012 Education For a Better Future	2,000	12,300	4,752	5,400	170.0%		0.13
608-013 Improved Government Responsiveness	0	3,980	6,440	8,000	N/A	1.25	Exceeded
608-ZZZ Department of State Programs	0	400	0	0	N/A	N/A	0.04
Country Total	5,400	25,840	19,107	23,400	333.3%		

Program Budget (Appropriations by Account)	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Development Assistance	5,400	6,000	8,217	5,400	0.0%
Economic Support Fund	0	19,840	10,890	18,000	N/A
Total	5,400	25,840	19,107	23,400	333.3%

Program Budget by Sector and Account	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Basic Education DA	2,000	2,800	4,752	3,400	70.0%
ESF	0	5,200	0	2,000	N/A
Agriculture and Environment DA	0	0	1,150	2,000	N/A
ESF	0	0	4,450	0	N/A
Higher Education & Training ESF	0	4,300	0	0	N/A
Economic Growth DA	2,400	3,200	2,315	0	N/A
ESF	0	6,360	0	8,000	N/A
Democracy and Governance DA	1,000	0	0	0	N/A
ESF	0	3,980	6,440	8,000	N/A
Total	5,400	25,840	19,107	23,400	333.3%

Workforce	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	3	3	6	6	100.0%
US Non Direct Hires	1	2	2	2	100.0%
Foreign Nationals	23	27	30	30	30.4%
Total	27	32	38	38	40.7%

Operating Expense	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	629	677	851	940	49.4%
Travel	228	219	132	178	-21.9%
Transportation of things	48	51	31	37	-22.9%
Rent	203	201	252	241	18.7%
Security	86	124	128	140	62.8%
Equipment	120	71	96	83	-30.8%
ICASS - Operating Expense only	88	105	95	117	33.0%
Other Operating Expense	304	490	318	350	15.1%
Total OE Budget	1,706	1,938	1,903	2,086	22.3%
US direct hire salary and benefits	407	434	603	668	64.1%
Program Funded Administrative Expenses				1,962	
Country Total Administrative Budget				4,716	
Percent of Bureau OE Total				#REF!	

Mission Summary

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	1,800	8,613	3,185	3,900
Program per All US (\$000)	1,350	5,168	2,388	2,925
Program per Position (\$000)	200	808	503	616
Operating Expense as % of Program Funding				8.9%
Program Funded Admin Expense as % of Total Admin				41.6%
Total Admin Expense as % of Program Funding				20.2%

Other Major Donors:

Bilateral: Total official development assistance to Morocco in 2004 was about \$196 million. The European Union and European countries provided about 77% of that amount. In 2004, major bilateral donors were Spain (31.5%), France (29.0%), and Germany (13.6%). With about 5.5% of the total, the United States was the 6th ranking bilateral donor in 2004. Other donors are working in the areas of infrastructure, private enterprises, social sectors (education and health), agriculture, and support to government and civil society.

Multilateral: Multilateral donors in 2004 included the European Union, Islamic Bank for Development, Arab Fund for Economic and Social Development, World Bank, and the United Nations.

**Morocco
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Development Assistance	5,400	6,000	8,217	5,400
Economic Support Fund	0	19,840	10,890	18,000
Total Program Funds	5,400	25,840	19,107	23,400

STRATEGIC OBJECTIVE SUMMARY				
608-011 Free Trade Agreement Support				
DA	3,400	3,200	3,465	2,000
ESF	0	5,960	4,450	8,000
608-012 Education For a Better Future				
DA	2,000	2,800	4,752	3,400
ESF	0	9,500	0	2,000
608-013 Improved Government Responsiveness to Citizens				
ESF	0	3,980	6,440	8,000
608-ZZZ				
ESF	0	400	0	0

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:	Continuing
Planned FY 2006 Obligation:	\$3,465,000 DA; \$4,450,000 ESF
Prior Year Unobligated:	\$2,000,000 ESF
Proposed FY 2007 Obligation:	\$2,000,000 DA; \$8,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's economic growth strategy assists Morocco in taking advantage of opportunities resulting from the Free Trade Agreement (FTA) with the United States, the Association Agreement with the European Union, other FTAs, the World Trade Organization Doha Development Round, and Morocco's own reform efforts. USAID's program focuses on 1) increasing productivity in agriculture and agribusiness, 2) creating new business opportunities outside of agriculture and agribusiness, and 3) improving the business environment.

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$1,250,000 DA). The program is developing working groups of public and private sector stakeholders to address business climate issues that affect the successful implementation of the FTA, economic growth, and job creation. Training is being provided for judges and related court personnel in intellectual property rights (IPR) and other subjects that are important for FTA success. In the financial sector, the program builds on ongoing efforts by the bankers association, the finance companies association, the association of microfinance institutions, and the central bank to create a privately-operated credit reference bureau. Specific recommendations are being developed on how to revise the existing tax laws to encourage economic growth and job creation. Principal Implementer: Development Alternatives Inc. (DAI).

Improve Private Sector Competitiveness (\$1,100,000 DA). The program is initially focusing on sectors that are likely to benefit most from the reduction in tariffs that will take place at the onset of the FTA on January 1, 2006, such as textiles, apparel, and processed fish products. Assistance to Moroccan enterprises includes market intelligence; training on laws, regulations, and industry norms governing the entry of products into the American market; introduction to potential buyers; and logistical support. Principal Implementers: Nathan and Associates and International Executive Service Corps (IESC).

Increase Agricultural Sector Productivity (\$1,115,000 DA; \$4,450,000 ESF; \$2,000,000 ESF Prior Year Unobligated). Policy reform activities involve work on domestic market issues, border protection, and subsidies. The program is working with the Ministries of Agriculture and Interior on liberalizing domestic wholesale fruit and vegetable markets and slaughterhouses, both of which are currently owned or controlled by local municipalities. This involves an examination of alternative sources of revenues as well as privatization modalities. Such liberalization is closely linked to the technical assistance and training provided to selected product value chains. The program is initiating pilot activities to improve the quality and reduce the costs in selected value chains. These include the introduction of grades and standards, certification systems, improved irrigation techniques, and market information systems. Principal Implementer: Chemonics.

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$3,100,000 ESF). Training will continue for commercial court judges and related court personnel to improve court effectiveness. In the financial sector, work will continue on the establishment of a private credit reference bureau, improved financial disclosure, and modern collateral registry systems. In addition, advice and assistance will be provided to

microfinance institutions on revising their legal structure to better respond to needs of clients. Based on the response of the Ministry of Finance to initial recommendations on tax issues, further assistance may be provided on implementation. Principal Implementer: DAI.

Improve Private Sector Competitiveness (\$2,100,000 ESF). The program will continue to provide assistance in sectors that are likely to benefit most from the reduction in tariffs resulting from the FTA between Morocco and the United States. It will gradually add sectors and products with good potential for export and job creation but which require more intensive technical assistance and training. Opportunities for mutually-beneficial inward direct foreign investment will also be explored. Principal Implementers: Nathan and Associates and IESC.

Increase Agricultural Sector Productivity (\$2,000,000 DA; \$2,800,000 ESF). Policy reform activities continue to focus on domestic market issues, border protection, and subsidies. However, increased emphasis will be placed on reform of the cereals market as a complement to the policy work related to the development of alternative products such as olive oil, medicinal and aromatic plants, and sheep and goats. Pilot activities (technical assistance, training, demonstrations) in support of these products will continue in each of the three target regions. Principal Implementer: Chemonics.

Performance and Results: In February 2005, USAID initiated the Integrated Agriculture and Agribusiness program to address Moroccan concerns about the potential negative impacts of the U.S.-Morocco FTA and other trade agreements on Moroccan agriculture. The program is helping Moroccan policy makers to eliminate policies that protect and subsidize inefficient products and producers, while at the same time working with farmers and agribusinesses to identify markets and products in which Morocco can successfully compete. USAID also helped the Ministry of Agriculture to develop a strategy and analytical tools to reduce tariffs and subsidies on inefficient production, especially soft wheat, to improve the functioning of domestic markets and encourage production of more competitive products.

In September 2005, USAID initiated the New Business Opportunities Program to help selected manufacturing and service industries take advantage of opportunities created by the FTA (expected to go into effect on January 1, 2006). This is expected to create employment opportunities for displaced agricultural laborers, new entrants to the labor market, and unemployed men between the ages of 15 to 34 -- a group with an unemployment rate of over 30%. The Morocco Fast Track Trade program is also helping Morocco take advantage of FTA opportunities. A recent survey showed an increase of over \$9,000,000 in exports from 2003 to 2004, although delays in FTA implementation have reportedly resulted in the cancellation of almost \$17,000,000 of orders.

In July 2005, USAID initiated the Improved Business Environment Program to assist in the implementation of FTA required changes, such as stricter enforcement of IPR, and contribute to broader improvements in the Moroccan business environment. It will support: 1) an improved policy, legal, and regulatory environment; 2) a more efficient and effective judiciary; 3) improved support systems for financial markets expansion; and 4) more growth-oriented tax policies, laws, and regulations. USAID also neared completion of programs in commercial law and courts reform, investment reform, and microfinance. Key successes include: draft modifications to IPR law needed for the FTA, training in IPR and bankruptcy, a nationwide judicial statistics system, computerized one-stop investment authorization units in each of the 16 regions, a national-level committee to simplify investment procedures, and assistance to two pilot Regional Investment Centers. One major investment activity will produce an estimated 14,500 new jobs in one community. Support for microfinance through guarantees, grants, technical assistance, training, and advocacy helped 12 microfinance institutions to increase their outstanding clients to over 575,000 people and loans to \$130 million.

US Financing in Thousands of Dollars

Morocco

608-011 Free Trade Agreement Support	DA	ESF
Through September 30, 2004		
Obligations	2,715	3,000
Expenditures	25	529
Unliquidated	2,690	2,471
Fiscal Year 2005		
Obligations	4,685	4,971
Expenditures	1,082	2,474
Through September 30, 2005		
Obligations	7,400	7,971
Expenditures	1,107	3,003
Unliquidated	6,293	4,968
Prior Year Unobligated Funds		
Obligations	0	2,000
Planned Fiscal Year 2006 NOA		
Obligations	3,465	4,450
Total Planned Fiscal Year 2006		
Obligations	3,465	6,450
Proposed Fiscal Year 2007 NOA		
Obligations	2,000	8,000
Future Obligations	6,000	20,000
Est. Total Cost	18,865	42,421

Data Sheet

USAID Mission:	Morocco
Program Title:	Education For a Better Future
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	608-012
Status:	Continuing
Planned FY 2006 Obligation:	\$4,752,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$3,400,000 DA; \$2,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's education strategy aims to increase access to quality and relevant education (through grade nine) and to improve vocational training in agriculture, tourism, and information technology (IT). This program is designed to improve retention and equip ninth graders with practical skills, oriented toward the work environment. The vocational training component will create close connections between training and employment at the post-middle school level, produce relevant training materials, and introduce entrepreneurship programs for self-employment. The women's literacy component assists Morocco in fighting the high rate of illiteracy among women and increases awareness of women's rights under the revised family code (Moudawana).

Inputs, Outputs, Activities:

FY 2006 Program:

Achieve Equitable Access to Quality Basic Education (\$2,376,000 DA). USAID is working with school management councils of up to 90 middle schools and their feeder schools to analyze the quality and relevance of the schools and programs. USAID is also working with these councils to set education goals and develop school improvement plans that include training, limited refurbishing, and community mobilization. The program is creating and validating relevant teaching material and equipping teachers with methodologies to fill the 30% of the curricula that is the responsibility of the regions and provinces. The program also assesses the training needs of school principals in financial management, gender equity, and in the mobilization of private and public resources. USAID seeks to increase girls' retention through ninth grade by awarding 12 additional grants to local non-governmental organizations (NGOs) for the creation of dormitories in order to address a key impediment for girls to access schools. The program is also completing the installation of computer laboratories in middle schools, and training teachers and inspectors to use the computer as a pedagogical tool. USAID will be developing and testing Moudawana literacy materials and awarding grants to up to 16 NGOs for literacy training and testing of materials for 1,600 rural women. Principal Implementers: Academy for Educational Development (AED), Helen Keller International (HKI), Rural Girls' Scholarship Committee, and Creative Associates International Incorporated.

Improve Quality of Workforce through Vocational/Technical Education (\$2,376,000 DA). USAID is beginning the implementation of a jointly developed government and private sector institution strengthening strategy for agriculture in 15 vocational training institutions. The program is developing a similar strategy for tourism and IT. The program assists in identifying the specific needs for each sector, trains faculty, and develops materials for improved relevance of training programs. Activities are being developed to improve the job orientation process for successful recruitment of graduates and to develop systems for student tracking within the training institutions. The program is also enhancing faculty skills in the use of IT as a pedagogical tool and assisting in the development of a vocational training portal. Entrepreneurship training is an important part of the program to stimulate self-employment. The fully-funded partnership with the Government of Morocco (GOM), Cisco, and the United Nations Development Fund for Women (UNIFEM) for Achieving E-equality in the IT sector will be evaluated in May 2006 for a possible expansion of the program beyond August 2006. Principal Implementers: AED and UNIFEM.

FY 2007 Program:

Achieve Equitable Access to Quality Basic Education (\$1,700,000 DA; \$1,000,000 ESF). Through this program, USAID expects to be engaged in the implementation of school projects and the use of training materials to improve the relevance of middle school education and to equip students with adaptable and portable skills. Computer labs are expected to be fully integrated in middle school operations. Principals will receive training to improve the performance of their schools and management councils, and to be better aware of community expectations. Materials for the women's literacy program will be validated for potential use at the national level. The Middle East Partnership Initiative (MEPI)-funded girls' scholarship program will be completed. Principal Implementers: AED and Creative Associates International Incorporated.

Improve Quality of Workforce through Vocational/Technical Education (\$1,700,000 DA; \$1,000,000 ESF). USAID expects to be in full implementation of the training strategies for agriculture, tourism, and IT. The program will also have the first graduates, who will be tracked for employability, including self-employment, as a result of entrepreneurship training. USAID expects to have alliances in place with the economic sector in support of vocational training. Principal Implementers: AED and UNIFEM.

Performance and Results: In January 2005, USAID launched the Advancing Learning and Employability for a Better Future (ALEF) program, the cornerstone activity of the education strategy. USAID developed strategies to improve the quality and relevance of education building upon training modules developed under the Morocco Education for Girls program, ALEF's predecessor. Eight middle schools of the initial 30 pilot schools were equipped with computer laboratories, and 225 teachers, including 69 women, and inspectors were trained in using computers. The program collaborated with the GOM authority mandated to install computer labs in all schools and developed IT training materials; the GOM anticipates that these materials will be used at the national level. USAID awarded four grants to NGOs to create girls' dormitories in support of their access to middle school. Workshops were conducted with experts in literacy and the new family code (Moudawana) in order to develop new literacy materials. USAID developed a training strategy for the agriculture sector and a similar strategy is under development for tourism.

USAID continued implementation of two MEPI-funded programs: Scholarships for Success, implemented by the Rural Girls' Scholarship Committee, and Women's Literacy for Sustainable Development, implemented by HKI. A total of 250 girls completed middle school and six partner NGOs have become independent dormitory operators. The program ended on December 31, 2005. Approximately 6,200 women have benefited from functional literacy programs, of whom 186 have received additional basic business skills in support of income-generating activities. HKI has lobbied successfully for additional funds to achieve the higher number of trainees.

USAID's partnership with Cisco, the GOM, and UNIFEM for Achieving E-equality in the IT sector involves 12 Moroccan training institutions and is on target. A total of 300 (144 women) out of the 385 students have completed the four course certification program, while the remaining students will finish this year. Job preparedness training was successfully delivered to all students in the program.

The National Education Accounts program, which provides the Ministry of Education with a system for tracking education expenditures, has been delayed due to late release of the household survey. The final report is due in February 2006.

US Financing in Thousands of Dollars

Morocco

	DA	ESF
608-012 Education For a Better Future		
Through September 30, 2004		
Obligations	1,799	3,500
Expenditures	42	64
Unliquidated	1,757	3,436
Fiscal Year 2005		
Obligations	3,189	9,583
Expenditures	908	2,072
Through September 30, 2005		
Obligations	4,988	13,083
Expenditures	950	2,136
Unliquidated	4,038	10,947
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2006 NOA		
Obligations	4,752	0
Total Planned Fiscal Year 2006		
Obligations	4,752	0
Proposed Fiscal Year 2007 NOA		
Obligations	3,400	2,000
Future Obligations	0	20,000
Est. Total Cost	13,140	35,083

Data Sheet

USAID Mission:	Morocco
Program Title:	Improved Government Responsiveness to Citizens
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	608-013
Status:	Continuing
Planned FY 2006 Obligation:	\$6,440,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$8,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: Morocco is undergoing a transformation of its political order. King Mohammed VI has made a firm commitment to democratize and develop the country. USAID's program is designed to improve government responsiveness to citizens by: 1) improving the national enabling environment, 2) improving transparency and accountability in government institutions, and 3) improving the performance of local government.

Inputs, Outputs, Activities:

FY 2006 Program:

Promote and Support Anti-Corruption Reforms (\$600,000 ESF). USAID is providing training and technical assistance to strengthen the capacity of public auditing and oversight professionals. Activities target executive branch organs as well as Morocco's Audit Court, the country's supreme audit and oversight institution. By enhancing professionalism and skills leading to strengthened audit and oversight capacities, Morocco's public finances will be administered more transparently and with greater accountability. Principal Implementer: The Research Triangle Institute (RTI).

Promote and Support Credible Elections Processes (\$400,000 ESF). With the next round of Parliamentary elections due to take place in September 2007, USAID is supporting the proper administration of political campaigns and elections. Training and technical assistance is being provided to political parties operating under the new legal framework, electoral institutions charged with the administration of the electoral process, and individual political actors in order to assure the candidacies of under-represented groups, especially women. Principal Implementer: To Be Determined.

Strengthen the Legislative Function/Legal Framework (\$2,440,000 ESF). Training and technical assistance under USAID's Parliament Support Project is continuing to improve the capacity of Morocco's Parliament to oversee the national budget. This support is assisting in the development of a joint budget office. Additional training is promoting improved involvement of Members of Parliament in the legislative process. A transcription service is being established to record parliamentary activities to inform legislative services and for public information. Principal Implementer: The State University of New York (SUNY).

Support Democratic Local Government and Decentralization (\$3,000,000 ESF). USAID is improving the capacity of local government to be able to respond more effectively to the needs of citizens. Training is improving the understanding of roles and responsibilities and governance skills among local elected officials. A participatory strategic planning system is being established to engage citizens in the planning process. Communal planning, budgeting, and information systems are being developed to improve the efficiency of local government service delivery. Local government access to long-term financing is being piloted in order to expand the financial resources of local government to use in responding to citizen needs. Principal Implementer: RTI.

FY 2007 Program:

Promote And Support Anti-Corruption Reforms (\$1,360,000 ESF). In FY 2007, USAID will reach out to develop the capacities of the Audit Courts, especially those at the regional level. At this stage, it will be particularly important to reach out to citizens and promote activities that will lead to greater confidence in

the oversight and administration of public finances. Principal Implementer: RTI.

Strengthen the Legislative Function/Legal Framework (\$580,000 ESF). The Parliament Support Project will deliver technical assistance to help assure the attention of Parliament to its responsibilities for budgetary oversight and technical review of proposed legislation. Training systems and a training program will be designed for the benefit of newly elected members of Parliament following the elections in September 2007. Principal Implementer: SUNY.

Support Democratic Local Government and Decentralization (\$6,060,000 ESF). USAID will work with authorities at the local levels to assure capacities and tools to improve local government performance. Support will continue to targeted municipalities to augment their approaches to planning and budget management. Methodologies for integrating citizens into planning processes will be introduced, and mechanisms for improved access to municipal finance will be piloted. Information systems will be provided to better administer public resources. Principal Implementer: RTI.

Performance and Results: USAID programming supports the development of government capacities, so the government will be responsive to citizens. Programs have aimed at improving the oversight capacities of Parliament, the Audit Court, and executive branch oversight organs. This contributes to the evolution of a culture of transparency and accountability. Efforts have focused on the Audit Court, including a senior seminar for leaders of the audit and oversight profession with the participation of the U.S. Inspector General. Community-based coordinating committees for the local government project will also help define the larger social development strategy, the National Initiative for Human Development. There has been growing enthusiasm among parliamentarians to embrace seriously their fundamental role in overseeing the budget. Participants from a study tour of legislative oversight in the United States have identified priorities and are engaged in implementing an action plan which includes work towards the establishment of a groundbreaking joint budget office.

US Financing in Thousands of Dollars

Morocco

	DA	ESF
608-013 Improved Government Responsiveness to Citizens		
Through September 30, 2004		
Obligations	449	2,500
Expenditures	0	173
Unliquidated	449	2,327
Fiscal Year 2005		
Obligations	1,000	4,060
Expenditures	261	1,981
Through September 30, 2005		
Obligations	1,449	6,560
Expenditures	261	2,154
Unliquidated	1,188	4,406
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2006 NOA		
Obligations	0	6,440
Total Planned Fiscal Year 2006		
Obligations	0	6,440
Proposed Fiscal Year 2007 NOA		
Obligations	0	8,000
Future Obligations	0	10,000
Est. Total Cost	1,449	31,000