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## Country Ownership: Sharing Risk and Leveraging Resources in the Medina of Fez

Anyone who works at the Millennium Challenge Corporation (MCC) or at a Millennium Challenge Account (MCA) hears persistent ticking. It is the sound of the clock running on the five-year deadline for MCC compacts, which commences the moment implementation begins (which MCC refers to as “entry into force”). It seems to get louder as the compact’s end approaches. MCC and partner countries design projects with the five-year timeline in mind, and the time limit creates strong incentives to complete compact activities on time. Despite the care that goes into compact development, however, things do not always go according to plan. The Fez Medina activity, part of the Morocco Compact, is a good example of how MCC works with its partner countries to manage completion risks associated with the five-year clock.

The Fez Medina activity is an ambitious and challenging undertaking. The project includes renovating four 14<sup>th</sup> and 15<sup>th</sup> century *fondouks* in the ancient Medina of Fez, as well as a public square called Place Lalla Yedounna (PLY), and renovating or reconstructing approximately 20 buildings surrounding PLY. The sites will eventually house production and sales facilities for some of Fez’s world-renowned artisans, as well as boutiques, cafes, restaurants, a hotel, and other services—all intended to improve livelihoods for artisans and to revitalize the medina, where an estimated 30 percent of the population lives below the poverty line. One site, Fondouk Barka, has been reserved for use by women artisans.



Fondouk Sbitriyine, pictured before and after excavation, awaits renovation.

There have been many challenges. The medina, a living vestige of the past, is a walled, carless urban area founded in the ninth century and was declared a UNESCO world heritage site in 1981. It is one of the world's most densely populated areas. Equipment and materials must be maneuvered through narrow passageways sometimes less than six feet wide, usually by donkey. Change is not always welcome—or easy—and time can seem to be kept in slower increments.

When the project was first proposed, none of the requisite market, feasibility or socio-environmental studies had been done. Architectural designs did not exist, and some of the sites were occupied by people who would have to be relocated according to MCC's rigorous resettlement guidelines. The Government of Morocco had been trying for more than two decades to rehabilitate PLY, but it faced stiff opposition to relocating some of the polluting activities, which were creating environmental, health and safety hazards.

Now, nearly four years into the compact, most of these obstacles have been overcome. Reconstruction of the *fondouks*, though still facing risks, is expected to be completed before the end of the compact. A resettlement action plan to improve the livelihoods of more than 1,000 project-affected-persons has been developed and implemented. A MCC-sponsored open international architectural design competition for PLY drew worldwide attention and participation from over 175 architectural teams, representing more than 40 countries. The competition generated an unprecedented level of public consultation and dialogue about the future of the medina and how to revitalize it while respecting its rich cultural, social and architectural heritage. (See the architectural competition website for more information: [http://www.projectcompetition-fez.com/projects\\_projectcompetition-fez\\_home\\_e.htm](http://www.projectcompetition-fez.com/projects_projectcompetition-fez_home_e.htm))

MCC and the Government of Morocco have closely monitored progress and continuously assessed, managed and attempted to mitigate completion risk. Earlier this year, it became clear that, despite everyone's best efforts, construction and rehabilitation at PLY was unlikely to be fully completed before the end of the compact. The parties faced a difficult decision: either stop the project immediately or find a creative way to complete it—even if some of the work had to continue after MCC's funding stops in September 2013. Exhibiting a commitment to country ownership, the Moroccan government committed to financing and completing all work that remains unfinished at the compact's end. In addition, the government agreed to pre-finance these works, and MCC committed to reimburse the government for defined packages of work completed before the end of the compact. This creative risk-sharing mechanism is the first of its kind for MCC and has allowed the project to proceed, notwithstanding an acknowledgement by the Moroccan government that work will continue beyond September 2013.



Narrow passages define the medina.



Metal workers work in cramped quarters in PLY.

The importance of this goes well beyond securing the necessary post-compact funding for completion of the project. MCC took a calculated risk in agreeing to fund the project. The Moroccan government has stepped up to share that risk, proving that the Fez project is truly aligned with the country's national development priorities. In the end, U.S. taxpayer funds are leveraging the Moroccan government's resources in a great example of a real development partnership. At the same time, in-country capacity building continues as the project is being implemented to MCC's rigorous procurement, environmental and social assessment, fiscal accountability, and monitoring and evaluation standards, which provide an opportunity to reach better, more sustainable outcomes.

There is a 14<sup>th</sup> century bridge called *Bim Lamdoun* at PLY. Its name is Arabic for "between two cities" because it connects the al-Qarawiyyine and al-Andalous sides of the old city. The bridge has come to symbolize this project—the link between Fez's rich past, its revitalized future and the shared commitment of the United States and Morocco. That shared commitment and the principle of country ownership are enabling the completion of a complicated and challenging project that might take longer than five years but promises to stimulate economic growth and reduce poverty well into the future.



Existing conditions at the Bim Lamdoun Bridge



Conceptual design of the new PLY.