

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 66413-MA

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT FROM THE

GLOBAL ENVIRONMENT FACILITY

IN THE AMOUNT OF US\$ 5.18 MILLION

TO THE

KINGDOM OF MOROCCO

FOR AN

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

June 13, 2012

Sustainable Development Department
Middle East and North Africa Region

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS
(Exchange Rate Effective 11 November 2011)

Currency Unit = MAD (Moroccan Dirham)
8.14 MAD = US\$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ACCMA	Adaptation to Climate Change in Morocco (<i>Adaptation au changement climatique au Maroc</i>)
ADA	Agricultural Development Agency (<i>Agence pour le Développement Agricole</i>)
CPS	Country Partnership Strategy
DE	Department of the Environment (<i>Département de l'environnement</i>)
DFID	Department for International Development (UK)
DMF	Department of Maritime Fisheries (<i>Département de la Pêche Maritime</i>)
EMC	Eastern Mediterranean Coast
ERSDO	Eastern Region Sustainable Development Observatory (<i>Observatoire Régional du développement durable de l'Oriental</i>)
GEF	Global Environment Facility
HCWFFAD	High Commission for Water, Forestry and the Fight Against Desertification (<i>Haut-commissariat aux Eaux et Forêts et à la Lutte contre la Désertification</i>)
ICZM	Integrated Coastal Zone Management
IDRC	International Development Research Center (Canada)
MAMF	Ministry of Agriculture and Maritime Fisheries (<i>Ministère de l'Agriculture et de la Pêche Maritime</i>)
MEF	Ministry of the Economy and Finance (<i>Ministère de l'Economie et des Finances</i>)
MAGG	Ministry of General Affairs and Governance (<i>Ministère des Affaires Générales et de la Gouvernance</i>)
MEMWE	Ministry of Energy, Mines, Water and the Environment (<i>Ministère de l'Énergie, des Mines, de l'Eau et de l'Environnement</i>)
MT	Ministry of Tourism (<i>Ministère du Tourisme</i>)
NADA	National Aquaculture Development Agency (<i>Agence Nationale pour le Développement de l'Aquaculture</i>)
NEO	National Environmental Observatory (<i>Observatoire National de l'Environnement</i>)
NFO	National Fisheries Office (<i>Office National des Pêches</i>)
NFRI	National Fisheries Research Institute (<i>Institut National de Recherche Halieutique</i>)
NSP	National Sanitation Program (Programme national d'assainissement)
PMU	Project Management Unit (<i>Unité de Gestion du Projet</i>)

PMV	Plan Maroc Vert
RDA	Regional Direction of Agriculture (<i>Direction Régionale de l'Agriculture</i>)
SBEI	Site of Biological and Ecological Interest (<i>Site d'Intérêt Biologique et Ecologique</i>)
SMAP III	Short and Medium-term Priority Environmental Action Programme, Phase III
TCC	Technical Coordination Committee

Regional Vice President:	Inger Andersen
Country Director:	Simon Gray
Sector Director:	Junaid Kamal Ahmad
Sector Manager:	Hoonae Kim
Task Team Leader:	Song Li

KINGDOM OF MOROCCO
INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

TABLE OF CONTENTS

	Page
PAD DATA SHEET	vi
I. STRATEGIC CONTEXT	1
A. Country Context and Issues	1
B. Sectoral and Institutional Context.....	4
C. Higher Level Objectives to which the Project Contributes	5
II. PROJECT DEVELOPMENT OBJECTIVES	6
PDO.....	6
PDO Level Results Indicators.....	6
III. PROJECT DESCRIPTION	7
A. Project Components	8
B. Project Financing	12
C. Lessons Learned and Reflected in the Project Design.....	13
D. Institutional and Implementation Arrangements	14
E. Results Monitoring and Evaluation	16
F. Sustainability.....	18
IV. KEY RISKS AND MITIGATION MEASURES	19
A. Risk Ratings Summary Table	19
B. Overall Risk Rating Explanation	19
V. APPRAISAL SUMMARY	20
A. Economic and Financial Analyses	20
B. Technical.....	20
C. Financial Management.....	21
D. Procurement	21
E. Social (including Safeguards).....	22
F. Environment (including Safeguards)	24
Annex 1: Results Framework and Monitoring	26

Annex 2: Detailed Project Description.....	29
Annex 3: Implementation Arrangements	35
Annex 4: Operational Risk Assessment Framework (ORAF)	52
Annex 5: Implementation Support Plan	55
Annex 6: Incremental Cost Analysis	57

PAD DATA SHEET
KINGDOM OF MOROCCO
INTEGRATED COASTAL ZONE MANAGEMENT
PROJECT APPRAISAL DOCUMENT
MIDDLE EAST AND NORTH AFRICA
MNSSD

Basic Information			
Date:	June 13, 2012	Sectors:	General agriculture, fisheries and forestry sector (90%); water, sanitation (10%)
Country Director:	Simon Gray	Themes:	Biodiversity (50%); Environmental policies and institutions (30%); Climate change (20%)
Sector Manager/Director:	Junaid Kamal Ahmad	EA Category:	Partial Assessment
Project ID:	P121271		
Lending Instrument:	Grant		
Team Leader(s):	Song Li		
Joint IFC:			
Borrower: The Kingdom of Morocco			
Responsible Agency: Ministry of Energy, Mines, Water and Environment/Environment Department (DE)			
Contact:	Rattal, Abdallah,	Title:	Directeur adjoint des Etudes de la planification
Telephone No.:	212-(0) 537-57 66 39 +212-(0) 661-34 89 41	Email:	rattal2005@yahoo.fr
Project Implementation Period:			
Start Date: October 1, 2012		End Date: September 30, 2016	
Expected Effectiveness Date: October 1, 2012			
Expected Closing Date: March 31, 2017			
Project Financing Data(US\$M)			
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other	
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
For Loans/Credits/Others			
Total Project Cost :	25.18 million	Total Bank Financing :	
Total parallel financing :	20 million	Financing Gap :	
Financing Source		Amount(US\$M)	
BORROWER/RECIPIENT		20.00	

IBRD	
IDA: New	
IDA: Recommitted	
Others (GEF grant)	5.18
Financing Gap	
Total	25.18

Expected Disbursements (in USD Million)

Fiscal Year	2013	2014	2015	2016	2017				
Annual	0.49	1.18	2.12	1.19	0.20				
Cumulative	0.49	1.67	3.79	4.98	5.18				

Project Development Objective(s)

The objective of the project is to pilot the application of the integrated coastal zone management (ICZM) approach in the project area on the eastern Mediterranean coast of Morocco.

Components

Component Name	Cost (USD Millions)
Component 1: Capacity building and institutional strengthening to incorporate the ICZM approach into local development planning	GEF: 0.677
Component 2: Investments to improve coastal resource management and livelihoods through co-management approach	GEF: 4.119
Component 3: Project management and M&E	GEF: 0.384

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes [X]	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X

Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Conditions and Legal Covenants

Effectiveness conditions:

- (i) The Project Operations Manual, satisfactory to the World Bank, has been adopted by the Recipient, and has been posted on the website of MEMWE.
- (ii) The PMU has been established in a manner satisfactory to the World Bank.
- (iii) MEMWE has entered into Implementation Conventions, satisfactory to the World Bank, with HCWFFAD, MAMF, NADA, ADA, and MT.

Legal covenants:

- (i) The Recipient shall vest: (i) MEMWE, through the PMU, with the overall responsibility for implementation of Parts 1 and 3 of the Project, and for the overall coordination of the implementation of the entire Project; (ii) HCWFFAD with the overall responsibility for implementation of Part 2.1 of the Project; (iii) MAMF with the overall responsibility for implementation of Part 2.2 (i) of the Project ; (iv) NADA with the overall responsibility for implementation of Part 2.2 (ii) and (iii) of the Project ; (v) ADA with the overall responsibility for implementation of Part 2.3 of the Project; and (vi) MT with the overall responsibility for implementation of Part 2.4 of the Project. The PMU shall provide all necessary assistance to HCWFFAD, MAMF, NADA, ADA and MT with respect to the procurement, financial management, and monitoring and evaluation of, and the preparation of progress reports regarding, the respective activities to be implemented by each of such entities under the Project.
- (ii) The Recipient shall ensure that the PMU is maintained at all times during the implementation of the Project with qualified staff and adequate terms of reference and resources.
- (iii) The Recipient shall ensure that all Ministries and entities involved in the implementation of the Project are maintained at all times during the implementation of the Project with qualified staff and adequate resources for the implementation of their respective parts of the Project.
- (iv) The Recipient shall maintain at all times during the implementation of the Project the Implementation Conventions.
- (v) The Recipient shall ensure that the Technical Coordination Committee is maintained at all times during the implementation of the Project with adequate terms of reference, members and resources. The Technical Coordination Committee shall serve as a technical forum for MEMWE, HCWFFAD, MAMF, NADA, ADA and MT in which such entities shall harmonize their actions regarding the implementation of the Project, share knowledge on Project implementation, and ensure that their annual work plans and budgets are well integrated with one another.
- (vi) The Recipient shall take all necessary measures to implement the Project in accordance with the Project Operations Manual and the Implementation Conventions. The Recipient shall not amend, suspend, abrogate, repeal or waive any provision of the Project Operations Manual and the Implementation Convention without prior approval of the World Bank.
- (vii) The Recipient shall ensure that HCWFFAD, MAMF, NADA, ADA and MT provide to the PMU: (i) not later than fifteen (15) days after the end of each calendar semester all necessary information regarding the implementation of the activities under their respective parts of the Project in order for the PMU to prepare the overall Project Report covering each calendar semester; (ii) not later than fifteen (15) days after the end of each calendar semester all necessary information regarding their respective parts of the

Project in order for the PMU to prepare the overall interim unaudited financial report covering each calendar semester; and (iii) not later than two (2) months after the end of each fiscal year of the Recipient all necessary information in order for the PMU to prepare the Recipient's Financial Statements for the Project.

- (viii) No proposed pilot implementation activity shall be eligible for financing under Part 2.2 of the Project unless and until: (a) the Recipient has prepared the Site-Specific ESIA and the Site-Specific ESMPs for such pilot activity in accordance with the requirements of the ESMF, submitted such Site-Specific ESIA and Site-Specific ESMP to the World Bank for approval and received such approval in writing prior to disclosing same; and (b) the Recipient has determined on the basis of an assessment satisfactory to the World Bank that such pilot activity: (i) would not involve any involuntary taking of land, causing any restriction directly or indirectly resulting in involuntary resettlement, as referenced in the World Bank's operational policies and procedures set forth in the World Bank's Operational Manual under OP/BP4.12 published under www.WorldBank.org/opmanual; and (ii) has been initiated by and with the support of the communities involved.
- (ix) The Recipient shall ensure that: (i) Parts 1 and 2 of the Project are implemented in accordance with the ESIA, the ESMP, the Site-Specific ESIA and the Site-Specific ESMPs; (ii) no provision of the ESIA, the ESMP, the Site-Specific ESIA and the Site-Specific ESMPs are amended, suspended, abrogated, repealed or waived, without prior approval of the Bank; and (iii) adequate information on the implementation of the ESIA, the ESMP, the Site-Specific ESIA and the Site-Specific ESMPs is suitably included in the Project Reports referred to in Section II.A.1 of this Schedule 2.
- (x) No activity involving the involuntary taking of land, causing any restriction directly or indirectly resulting in involuntary resettlement, as referenced in the World Bank's operational policies and procedures set forth in the World Bank's Operational Manual under OP/BP4.12 published under www.WorldBank.org/opmanual, would be financed under the Project.
- (xi) The Recipient shall prepare and submit to the World Bank for approval a consultation plan for the Project by no later than six (6) months after the Effective Date, and shall promptly implement such consultation plan as approved by the World Bank.

Team Composition

Bank Staff

Name	Title	Specialization	Unit	UPI
Song Li	Environment Specialist	Task Team Leader	MNSEN	
Andrew Losos	Environment Specialist	Environmental safeguards	MNSEN	
Marie Françoise How Yew Kin	Language Program Assistant		MNSSD	
Jean-Charles De Daruvar	Senior Counsel	Lawyer	LEGEM	
Nathalie S. Munzberg	Senior Counsel	Lawyer	LEGEN	
Hassine Hedda	Finance Officer	Financial Management	CTRLA	
Anas Abou El Mikias	Sr. Financial Management Specialist	Financial Management	MNAFM	
Lamyae Hanafi Benzakour	Financial Management Specialist	Financial Management	MNAFM	
Abdoulaye Keita	Sr. Procurement Specialist	Procurement	MNAPR	
Monica Dorhoi	Social Development Consultant	Social Development Team Member	MNSEN	
John Stewart	Sr. Environment Specialist	Peer reviewer	ENVGC	
William Leeds Lane	Retired TTL for several ICZM	Peer reviewer		

	projects			
--	----------	--	--	--

Non Bank Staff

Name	Title	Office Phone	City
Charlotte de Fontaubert	Sr. Advisor for fisheries		Washington DC, USA

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Morocco	Ministry of Energy, Mines, Water and Environment	Four project sites on the eastern Mediterranean coast: <ul style="list-style-type: none"> • Coast of Saidia-Ras El Ma; • Rural commune of Beni Chiker; • Nador lagoon and its surrounding communes; and • Rural Commune of Boudinar. 			

I. STRATEGIC CONTEXT

A. Country Context and Issues

1. **Morocco's population is largely concentrated along the coast and in plains areas of the country. It is also highly urbanized as 56% of the population lives in cities, most of which are located along the coast, both Atlantic and Mediterranean.** This demographic concentration of people is to be expected given the nature of the local climate and because Morocco has a coastline that extends to 3,500 km, 500 km of which is by the Mediterranean Sea. The economy of the country is therefore dependent on the coastal zone and related ecosystems that have a high potential to provide food and employment, be it from tourism, agriculture, fisheries or other natural-resource based activities. With its strategic position as the gateway to Europe and its rich natural resources, the Mediterranean coast of Morocco has already been recognized as a priority target for future development by the Government of Morocco. Since 1999, a series of coastal initiatives and programs of national significance have been launched, including the Government Initiative for the Development of the Eastern Region (2003) and the Program of Development of the Nador Lagoon (2008). The Eastern region is thus considered a driver of cross-sectoral development for Morocco.

2. **The importance of the coast to Morocco's economy, and the associated increase in population density and urbanization in the coastal zone, has come at a cost to the environment. As a result, these impacts have the potential to increase significantly conflicts between users of coastal natural resources in the future.** For instance, sand mining for construction material for use in urban infrastructure, and sewage and solid waste disposal have become major environmental issues in the coast. Additionally, conflicting uses of natural resources along the coast have resulted in salinization of aquifers, water supply issues, loss of biodiversity, and ecologically sensitive areas¹. Coastal ecosystems along the Nador Lagoon and Moulouya River estuary are under particular pressure of economic development and of coastal erosion (Khattabi and Bellaghmouch, 2009. Vulnerability of coastal ecosystems in Northeast of Morocco to shoreline erosion and sea level rise. IOP Conf. Ser.: Earth Environ. Sci. 6 352025), and impacts there are more acutely felt because of the sensitive nature of the environment and areas that are internationally recognized as of great biodiversity significance.²

3. **Impacts on the coast and coastal resources predicted to arise from future climate change are likely to aggravate existing natural resource conflicts, biodiversity loss, infrastructure construction and maintenance costs, and to impact the livelihoods of coastal residents.** As noted in an article published in 2007: *“The eastern part of the Mediterranean coast of Morocco is physically and socio-economically vulnerable to accelerated sea-level rise, due to its low topography and its high ecological and touristic value. Results indicate that 24% and 59% of the (coastal) area will be lost by flooding at minimum and maximum inundation levels, respectively. The most severely impacted sectors are expected to be the residential and recreational areas, agricultural land, and the natural ecosystem. Shoreline erosion will affect 50% and 70% of the total (coastal) area in 2050 and 2100, respectively...”* (Snoussi et al., 2007). This prediction is supported by a recent World Bank study on the adaptation of fisheries to

¹ Projet SMAP III Plan d'Action pour la cote de Nador (Février 2009, page 11).

² There are 3 Ramsar sites in these areas. Ramsar sites are Wetlands of International Importance and are: Nador Lagoon, Cap des Trois Fourches, and the Moulouya River estuary.

climate change in Morocco (The World Bank, 2011)³ and a study on adaptation of the fisheries sector to climate change in the EMC (Khattabi & Jobbins, 2011), which suggest that some of the impacts of climate change on coastal areas are already being felt, and more are expected in the medium to long term.⁴ The development of new, and maintenance of existing urban and rural infrastructures, identification of long term sustainable land uses, and sitting of tourist infrastructures all must recognize that the coastal topography and capability will evolve in the face of the impacts of climate change, and particularly sea-level rise.

4. Tourism development is driven by ambitious goals set up in the Plan Azur and the Strategy for Tourism « Vision 2020 », fisheries activities are developed and encouraged by the Département de la Pêche Maritime within the Ministry of Agriculture and Fisheries, and further coastal development is fostered and encouraged by municipalities, but the impact of each activity is not necessarily shared or understood by decision-makers that champion the other sectors.

5. **Despite the fact that this limited space is managed by many state sectoral agencies, the implementation of their various policies – often completely independent from one another - is not very efficient and sometimes contradictory.** What is needed is an integrated approach to management in which all relevant government sectors work together, in a transparent and decentralized way, and in close cooperation with coastal residents and stakeholders. The objective of this locally based management is to ensure that any development that occurs in this sensitive area does so in an environmentally and socially sustainable fashion. Fortunately, a model for this type of management, known as Integrated Coastal Zone Management –ICZM- is already being implemented and is recognized in Morocco, as embodied in the bill on Zoning, Protection, Development and Conservation of Coastal Zones (also known as the ICZM bill), which is currently pending before Parliament.

6. **ICZM evolved over time, both within the Bank and beyond, to address the almost uniform failure of single sector management techniques to produce measurable benefits in the coastal zone.** Why? Because the coastal zone is a unique ecosystem in view of the diversity of habitats present and of their inter-linkages. Managing one sector like agriculture without consideration of coastal and marine fisheries almost always results in damage to the economic value of the fishery. Managing terrestrial forests in the headwaters of rivers discharging through coastal areas and into the ocean without consideration of the wetlands, marshes, mangrove areas and near-shore aquatic environments often leads to unexpected and detrimental impacts on biodiversity, growth and primary production in coastal wetlands, reduction in fish biomass, and other impacts on biodiversity. The juxtaposition of terrestrial, freshwater, brackish and marine environments in such a small area means that coastal zones are just too complex to be managed sector by sector. ICZM requires that *all* development sectors (such as agriculture, fisheries, tourism, forestry, public works, local government, etc.) plan and integrate their annual work programs to be complementary and to recognize the very real possibility of “off-site impacts”. The World Bank has guidelines (Lundin and Post, 1996 and Hewawasam, 2002) that direct its work in the coastal zone, as do almost all developed country and regional organizations. These guidelines link development to sustainable management of ecologically sensitive and protected/conservation areas, promote co-management of resources between government and local stakeholders, and integrate management by government through cooperation of sectors.

³ The World Bank, Changement Climatique et Secteur Halieutique, Impacts et Recommandations, Rabat, 2011.

⁴ Khattabi & Jobbins, Vulnerability and adaptation of traditional fisheries to climate change. In Chuenpagdee R. (Ed.) World Small-Scale Fisheries Contemporary Visions. Eburon Academic Publishers. Pp: 63-80)

Most importantly, the ICZM approach has been successfully applied through World Bank projects with very positive results in several countries, such as, China, Indonesia⁵ and Tanzania.

7. The Project has a regional focus and fits within the larger “Sustainable MED” program. The coastal countries of the Mediterranean face common and interlinked challenges relating to natural resources management. This Large Marine Ecosystem (LME) is very sensitive to land-based impacts from urban and industrial pollution, degradation of the quality and amount of freshwater input from solid waste, and the resulting losses of coastal habitat and marine and terrestrial resources, including fisheries. These Mediterranean countries have responded to different challenges through various national and regional initiatives. Regional initiatives include: the Barcelona Convention and UNEP-MAP Program, the Mediterranean Technical Assistance Program (METAP), the Strategic Partnership for the Mediterranean Sea Large Marine Ecosystem (MedPartnership), EC-funded LIFE, SMAP and Horizon 2020 Programs, and more recently the Union for the Mediterranean (UFM). These initiatives play a key role in helping develop national and regional capacity and channeling investments towards improved resources management. Ambitious and beneficial as they are, however, these initiatives do not sufficiently or sustainably address major freshwater conflicts and environmental changes to the marine, coastal and inland watersheds that are likely to arise from the expected impacts of climate change. Thus the Sustainable MED program (Mediterranean Sustainable Development Program), supported by the GEF and implemented by the World Bank, takes the next step in addressing the sustainability of natural resources base in the Mediterranean Sea.

8. This Kingdom of Morocco Integrated Coastal Zone Management Project (The Project) is also supported by the GEF, which sees its investment as helping the Government of Morocco to meet its obligations under Sustainable MED. The Project therefore promotes sustainable development in the coastal area as a way of enhancing protection of biodiversity, ecologically sensitive areas such as RAMSAR sites, and ensuring that coastal resources are managed both for the benefit of the country and for the overall good of the countries bordering the Mediterranean. The Project will contribute to the Trans-boundary Action Plan and the Strategic Action Programs within the Sustainable MED program by strengthening the resilience of coastal communities to the impacts of climate change and also to regional efforts to address declining biodiversity and fisheries. The project will focus on the Mediterranean coast to "enhance and accelerate the implementation of trans-boundary pollution reduction, improved water resources management, and biodiversity conservation measures in priority hotspots and sensitive areas of selected countries of the Mediterranean basin".

9. The Project investment is local and focused along the Mediterranean coast of Morocco. It supports coastal development within the Sustainable MED framework through four general types of investment: i) Promotion of local resource use planning through ICZM

⁵ **INDONESIA CORAL REEF MANAGEMENT PROGRAM (APL):**-- COREMAP I represents the first time any developing country has initiated a program of such scale to target the sustainable management of coral reefs and associated ecosystems. It was designed to test approaches in several pilot sites, to generate lessons that could inform the design of interventions in an expanded number of priority coral reef sites in COREMAP II and III. In particular, the independent evaluation of COREMAP I suggested that coral reef ecosystem management activities supported by the COREMAP program should take a greater development focus, placing community needs (rather than approaches entirely devoted to conservation) at the center of coral reef ecosystem management.

methodology; ii) Linking ICZM methodology, climate change; and biodiversity preservation to the national economic development processes; iii) Piloting real-world examples of how sustainable development can succeed in the coastal area; and iv) creating a project implementation structure that serves both the project and as an example of how the coastal zone can be managed after the Project ends. This will be achieved in the Project by “integration” of government management (both technical and political), sharing of resource management by promoting co-management with local stakeholders, and ensuring that development initiatives within the coastal area are transparent and can be accommodated within local ICZM plans.

B. Sectoral and Institutional Context

10. The Project complements the vision of the Government of Morocco for rapid and sustainable growth, improved governance, poverty eradication, and improvement of social conditions, as implemented through the government program for the period 2012-2016. This program includes actions to support integrated coastal zone management policies and planning, in particular: i) the Development Program for the Nador Lagoon, including conservation of its unique natural heritage; ii) the launch of a large-scale water purification station in Nador in June 2010; iii) approval by the Council of Government and Council of Ministers of the draft law on Zoning, Protection, Development and Conservation of Coastal Zones (ICZM bill, still pending before Parliament); and iv) membership in a series of international agreements in support of coastal zone management and biodiversity conservation (e.g. the Regional Seas Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, the Ramsar Convention for wetland conservation, and the Convention on Biological Diversity). This project builds on the positive first steps that were taken by the Government, and aims to demonstrate through a series of pilot projects the benefits that can be derived from a more integrated approach.

11. This project also represents an opportunity to complement the efforts of national stakeholders and projects funded by other donors. Some of these outcomes could directly serve the purpose of this project, particularly the ICZM action plans that were developed for each of the four selected project sites in Nador, Driouch, and Berkane provinces under the Short and Medium-term Priority Environmental Action Programme (SMAP III), and which were recently updated to take into account climate change adaptation under the ACCMA project. In addition, Bank activities on support to sustainable fisheries are of particular relevance: Support to small-scale artisanal fishermen cooperatives (for which Japanese Social Development Fund support is sought), and Adaptation of the Fisheries Sector to the Impacts of Climate Change. Moreover, the Project’s fisheries component is directly relevant to the Government of Morocco’s current emphasis on sustainable fisheries, which is embodied in the national strategy that was recently adopted to that end (The “Halieutis Strategy”). As part of Halieutis, the importance of sustainability is highlighted, as is the need to anticipate and adapt to the growing threats of climate change.

12. The ICZM project also complements ongoing work under the government’s different sectors, including, the national water strategy, the national tourism strategy (Plan Azur, Vision 2020), the national program on waste water collection and treatment - the National Sanitation Program (NSP), and the national agricultural investment strategy (Plan Maroc Vert, or PMV). This ICZM project thus represents a real opportunity to apply an integrated approach along the Mediterranean coast of Morocco.

13. Among these national programs, the ICZM project integrates both fiscally and technically with the government's National Sanitation Program (NSP), which was adopted in 2006. The NSP provides a guiding policy framework for investments involving sanitation, pollution control, and waste-water reuse in Morocco. The objective of the NSP is to increase the rate of urban sanitation access from 70% to 80%, and pollution mitigation to 60%, including waste-water treatment and waste-water reuse by 2020. The National Sanitation Program targets 260 cities covering more than 10 million inhabitants, including some in the Project area. As such, the NSP will upgrade and expand waste-water collection and waste water treatment systems in the cities and towns in the Project area along the Mediterranean coast. The ICZM project will increase awareness and strengthen capacity building in the local governments and communities of the coast to systematically address needed waste-water management, reuse and pollution control, which integrates with and improves the implementation success rate of planned depollution infrastructures in the Project area.

14. The approved budget for the NSP (2012-2017) includes US\$ 18 million assigned to five specific investment projects in the Project area along the eastern Mediterranean coast. The ICZM project will incorporate the ICZM planning approach into the implementation of these projects and programs of NSP and heavily publicize the positive lessons of pollution control activities in the coastal area. As Project pilots demonstrate the value of linkages between ICZM and national investments in pollution control, the NSP will be strategically placed to scale up and share good practices into other coastal areas of Morocco.⁶ The NSP will be the main disbursement channel for the Government's contribution to parallel financing for activities under the GEF ICZM Project. It also provides a technical pool of Government expertise that will be tapped during Project implementation. While the NSP pollution control investments are seen as having the most important positive impacts on the Moroccan Mediterranean Coast in general, it also has significant short and long-term benefits to the Mediterranean and other coastal countries. It therefore serves not only as parallel financing of this Project but also as a link between the Project and the GEF's regional Sustainable Mediterranean Program.⁷

C. Higher Level Objectives to which the Project Contributes

15. The Mediterranean coastal zone in Morocco is an economic engine of national economic growth. Bound by the Mediterranean Large Marine Ecosystem (LME), Morocco and other coastal countries face interlinked challenges of managing shared marine resources. To respond to the continued environmental challenges facing these countries, the Sustainable MED program takes the next step in addressing long-term, cooperative, regional management by linking resource management to support for an environmentally and socially sustainable economic development that recognizes the intrinsic value of biodiversity and ecologically sensitive areas.

⁶ Morocco has the coastline of 3,500km, which includes 500km by the Mediterranean Sea.

⁷ The Government of Morocco also expects to invest another US\$ 20 million in the ICZM Project through its "Plan Maroc Vert" that is implemented under the Ministry of Agriculture. This investment is specific to the Project's implementation areas along the Mediterranean Coast and serves as a pilot within the Project for demonstrating linkages between the environmentally and socially sustainable Spatial Development Planning funded by the Project and investments by the Ministry of Agriculture in alternative crops and cropping methods. Spatial Development Planning pilots demonstrate that offsite agricultural impacts on the coast and the Mediterranean Sea can be ameliorated without local environmental, social or livelihood impacts.

16. This project fits within the “Sustainable MED” program, which is supported by the GEF and implemented by the World Bank. Morocco and other participating countries share a vision that proper national stewardship of the coastal area, and economic development therein, benefit not only the country implementing these strategies, but all other coastal countries of the Mediterranean.

17. In this context, the project’s higher-level objective is to contribute to the sustainability of natural resources base in the Mediterranean region within the Sustainable MED program. This project will contribute to the regional effort in addressing the issues raised in the Trans-boundary Action Plan and priorities defined in the Strategic Action Programs. The project will thus support the Government of Morocco as it pilots ICZM approach and coordinates with other countries in the region. Indeed, ICZM is identified as a key component in the 2012 Med Report, issued in December 2011.⁸ The project will also help Morocco explore innovative methods and measures for the sustainable development of the coastal zone in a changing climate, a top priority given the challenges caused by climate variability: longer lasting droughts, more aggressive floods, higher temperatures, and beach and soil erosion.

18. This project is fully aligned with the priorities and objectives outlined in the Country Partnership Strategy (CPS) for the period of 2010-2013 discussed by the Board on December 30, 2009 and the CPS Progress Report to be discussed on June 12, 2012. One of the three pillars of the CPS is sustainable development in a changing climate. By targeting capacity building for sub-national levels of government and for local associations and cooperatives, this project responds to the three long-term development challenges identified in the CPS: (i) achieving higher growth and job creation; (ii) reducing social disparities; and (iii) ensuring sustainability. The Bank is thus strategically positioned to help with this project within the framework of the CPS.

II. PROJECT DEVELOPMENT OBJECTIVES

PDO

19. The objective of the Project is to pilot the application of the integrated coastal zone management (ICZM) approach in the project area on the eastern Mediterranean coast of Morocco. ICZM implemented at local level by all users of the coastal resources will leverage rural pollution reduction and protection of biodiversity and ecologically sensitive areas.

PDO Level Results Indicators

20. Proposed key results include:

- (a) Number of approved local development plans that are revised to incorporate the ICZM approach; and

⁸ Toward Green Growth in Mediterranean Countries: Implementing Policies to Enhance the Productivity of Natural Assets, 2012 MED Report, December 2011.

- (b) Formulation and implementation of a public awareness campaign for the promotion of biodiversity conservation through co-management⁹ of the Ramsar wetlands of the Moulouya estuary.

III. PROJECT DESCRIPTION

21. Based on the lessons learned from successful coastal projects around the globe, the Project adopts a similar approach, which recognizes that environmental protection is rarely sustainable over the long term without linkages to economic development.

22. **Geographical scope:** Focused activities will be piloted in four project sites within the Oriental Region (administrative unit) of Morocco (see Figure 1 in Annex 2). These are:

- (a) The coast of Saidia-Ras El Ma, including the Ramsar site of the Moulouya River estuary. This area comprises two rural communes and two urban centers covering part of two provinces:
 - a. Nador Province: Urban center of Ras el Ma; and
 - b. Berkane Province: rural communes of Madagh, Laatamna, and the urban center of Saidia;
- (b) The rural commune of Beni Chiker, including the SBEI of Cap des Trois Fourches and a part of the SBEI Gourougou Mountain. This commune is located in the Nador Province;
- (c) The Nador Lagoon. This area comprises two municipalities and two rural communes, all located within the Nador Province:
 - a. Municipalities of Nador and Beni Nsar;
 - b. Rural communes of Bouareg and Arekmane; and
- (d) The rural commune of Boudinar, located in the Driouech Province.

23. **Rationale for the choice of Project area:** The choice of Project area along the Mediterranean coast reflects the priorities of the Government of Morocco, and enables the Project to build on the results of projects funded by other donors (European Union, IDRC/DFID). The general area of the Project is the Eastern Mediterranean Coast (EMC), which is home to a number of ecologically important sites, recognized either as Ramsar sites (wetlands of international importance), or SBIE sites¹⁰. Selection of the four specific pilot areas was finalized after a series of public consultations with local stakeholders that were held to gauge their interest, and to select from a list of activities previously identified in the Coastal Management Action Plans,¹¹ those that would be funded under the Project. The four sites were also selected for pilot projects because local conditions are indicative of the different resource-use challenges facing the whole of the Moroccan Mediterranean coast.

⁹ Co-management is a term that describes government's delegation of a specified set of its responsibilities to manage, including enforcement of regulations limiting use of natural resource, to local stakeholders (i.e. those that commonly "own" and use the resource). The resource is therefore "co-managed" by both the Government and empowered local stakeholders.

¹⁰ Sites of Biological and Ecological Interest – an official designation of the Government of Morocco indicating the intention to establish a future protected area on the site.

¹¹ Coastal Management Plans of Action (also known as ICZM Plans of Action) were developed by local communities under the SMAP III financed by EU.

24. **Project Beneficiaries:** The direct beneficiaries for this project range from small holder farmers and fishermen to private sector investors, as project activities seek to promote more profitable and sustainable use of natural resources while maintaining biodiversity and ecological values upon which tourism is based. At the community level, primary beneficiaries are expected to be small holder farmers, subsistence and semi-industrial fishermen, local residents employed in the tourism sector, women's groups involved in apiculture, young people who will be involved in ecotourism activities and community planners who will benefit from project investment in ICZM and linked spatial development planning. Altogether, direct beneficiaries are expected to number about 7,500. In addition, the project is also expected to bring indirect benefits to all the inhabitants of the project area. The population of the targeted areas is estimated at approximately 300,000 according to the last census on population and habitats (2004).

25. Institutional beneficiaries of the ICZM project will include decision makers at the national and regional levels, civil society, boards of communes, etc. who will gain experience in applying the ICZM approach.

A. Project Components

26. **Rationale and linkage between components.** Project investment will occur through three linked components. Earliest investments will come through Component 1, which largely targets capacity building to enable the undertaking of technical activities under Component 2. Component 2 activities come later in the project, once the Project Management Unit and the Bank are confident that the technical skills, legal basis, and community involvement in support of coastal resource management are strong enough to ensure successful implementation. Component 3 supports project management and project sustainability.

27. **Participatory selection of activities.** The activities to be implemented were selected from existing Coastal Management Action Plans funded by other donors and took into account the impacts of climate change. Participatory consultative meetings, sector-based interviews, visits to proposed project locations, and discussions with beneficiaries were undertaken throughout the identification of activities.

28. A more detailed project description is found in Annex 2. Project components are summarized below.

Component 1: Capacity building and institutional strengthening to incorporate the ICZM approach into local development planning (GEF US\$ 0.677 M). MEMEE (via DE) will be responsible for implementation of Component 1.

29. The objective of this component is to strengthen the capacity of government institutions and local communities to incorporate the ICZM approach into their local development plans. Under Article 36 of the Moroccan Communal Charter (*Charte communale*¹²), each commune currently prepares and maintains its own local development plan, which is intended to guide its development. These currently do not explicitly incorporate an ICZM approach. The plans are prepared by the elected President of each commune in consultation with the population, are developed by the community for the community, serve as a means of guiding development

¹² See the law published on February 18, 2009, article 36. (La loi n°17-08 modifiant et complétant la loi n° 78-00 portant charte communale).

within the community itself, and as a budgeting exercise in cooperation with higher levels of government. These communal development plans are not meant as a means of restricting access to lands and natural resources, or of constraining economic activity within each community.

30. The investments of the Project will finance consultant services, training and workshops, non-consultant services, works, and goods to be used in support of:

(a) Promoting awareness of, and building capacity in, the application of the ICZM approach by provincial and local governments and local stakeholders in the Project Area, through the following: (i) carrying out of workshops; and (ii) carrying out of public education campaigns and the provision of training for trainers in primary and secondary education;

(b) Mainstreaming the ICZM approach in the preparation of the development plan of six selected communes in the Project Area through the provision of technical advisory services to: (i) the communities located on the territory of the selected communes to support the preparation of their village-level economic development planning under the ICZM approach; and (ii) provincial governments to familiarize them with the outputs of such ICZM approach based development plans; and

(c) Piloting spatial development planning method¹³ to prepare the communal development plans for one of the six communes referred to in (b) above through the carrying out of workshops and the provision of technical advisory services to the communities located on the territory of the selected communes.

Expected results: The government and community participants have the awareness, tools, and background information they need to participate meaningfully in the formulation of an economic development plan at the local level. Three Specific permanent Coastal Commissions (Commission du Littoral) at provincial levels acquire the knowledge needed to become effective and to conduct regular bi-annual meetings. Six communal development plans (including one spatial plan) incorporating local ICZM activities are prepared and/or revised. Public education material is prepared and distributed for use in the project area (e.g. guides, tool kits, website for ICZM information, etc.).

Component 2: Investments to improve coastal resource management and livelihoods through co-management approach (GEF contribution: US\$ 4.119 M)

31. The objective of this component is to support specific and appropriate investments that demonstrate the application of key tools available for use in an ICZM approach, within the project area. This component is divided into four sub-components, which will: (i) improve conservation and management of sensitive coastal areas; (ii) improve fisheries management; (iii)

¹³ The purpose of spatial planning is to help mainstream ecosystem-based management (an ICZM approach) by finding space for biodiversity conservation and sustainable economic development in marine and coastal environments. One way to do this is through a locally based, participatory process that identifies, through technical evaluation, what the land and marine units are “capable” of supporting and then determining which of these options “should” be done by seeking input from local stakeholders and users of the resources. Spatial planning is a public process of analyzing and allocating the spatial and temporal distribution of human activities in coastal and marine areas to achieve ecological, economic and social objectives through a political process.

diversify income-generating activities from agriculture; and (iv) promote the development of ecotourism.

32. The four sub-components are detailed as follows:

2.1: Improved conservation and management of sensitive coastal areas. This sub-component will support: (a) fixation and restoration of about 20 ha of degraded wetland and coastal dune ecosystems at Moulouya; (b) carrying out a hydrological study of the Moulouya SBEI and the installation of water pipes to re-establish the flow of water from the Ain Chebbak spring to wetlands located in Douar Cherarba; (c) updating the ecological and social economic diagnostic of the Moulouya SBEI; and (d) preparation and implementation of a public awareness campaign for the conservation of the Moulouya SBEI. This sub-component will be implemented by HCWFFAD.

Expected results: This subcomponent will result in the formulation of a coordinated public awareness action plan for the Moulouya SBEI, and the execution of works called for in that plan, including the fixation and restoration of 20 ha of coastal dunes, restoration of water flow toward wetlands, etc.

In parallel, the HCWFFAD will invest some of its own resources in the planting of trees and management of watersheds, restoration of ecosystems and the construction of recreation facilities in the Moulouya-Saidia pilot site.

2.2: Improved fisheries management. This sub-component will support (a) carrying out the feasibility study and preparation of the related Site-Specific ESIA and Site-Specific ESMP regarding the establishment on a pilot basis of one small artificial reef, and establishment of such reef, including the provision of technical advisory services for the co-management of such reef by the users of such reef; (b) carrying out the feasibility study and preparation of the related Site-Specific ESIA and Site-Specific ESMP regarding the establishment on a pilot basis of a small seaweed farm and seaweed processing and commercialization facilities, and establishment of such farm and seaweed processing and commercialization facilities; and (c) carrying out the feasibility study and preparation of the related Site-Specific ESIA and Site-Specific ESMP regarding the establishment on a pilot basis of one small shellfish farm and shellfish processing and commercialization facilities, and establishment of such farm and shellfish processing and commercialization facilities.

Expected results: One artificial reef deployed and managed by local users under co-management regimes; seaweed farm feasibility confirmed and a small pilot farm developed along with village-level processing and associated activities; shellfish farm feasibility confirmed and one small pilot farm developed along with village-level processing and associated activities; and pilot public and private partnership to facilitate long-term viability of aquaculture activities.

In parallel, government will finance with its own resources activities complementary to the investments described above, including the construction of small-scale infrastructure to support artisanal fishing (e.g. kiosks for the sale of fish, insulated boxes and ice, small

fuelling facilities, latrines, etc.) at the port of Ras Kebdana in Nador province. This sub-component (a) will be implemented by DMF, (b) and (c) by NADA.

2.3: Soil and water conservation and income-generating activity. This sub-component will support (a) implementation of soil and water conservation measures in the communes of Beni Chiker and Boudinar; and (b) promotion of apiculture by supplying local women's groups with hives and other equipment and technical advisory services.

Expected results: The subcomponent is expected to create three functioning apicultural cooperatives; and restoration of soil and planting of fruit trees over a total of 500 ha in two communes.

In parallel, the government will finance with its own resources under the NSP complementary to the investments described above which also aim to support rational utilisation of water, control of diffuse agricultural pollution through outreaching of good practices in using fertilisers and pesticides to farmers, subsistence agriculture and rural livelihoods. The NSP two stations of waste-water treatment will be located at Karia Arekmane and Ferkhana, and one station of waste collection and treatment will be at Ras El Ma. This sub-component will be executed by ADA.

2.4: Promotion of ecotourism. This sub-component will support: (a) a feasibility study on ecotourism; (b) rehabilitation and furnishing of about six small-scale tourist lodges; and (c) training of tourist operators and promotion of tourist activities. This sub-component will be executed by MT.

Expected results: The subcomponent will support the restoration of up to six small-scale tourist lodges and the training of tour operators.

In parallel, the government will finance with its own resources activities under the NSP projects which are located in areas where tourism is an important sector and are one network of sanitation of waste-water for the tourist complex in Saidia, and a pipe to discharge the purified waste-water from the treatments station to Oued Cheraa. This activity does not involve any GEF financing. It receives financing from the Government of Morocco only, and is complementary to project activities.

Component 3: Project management and M&E (GEF contribution: US\$ 0.384 M; Government contribution US\$ 0.625 M)

33. The objective of this component is to ensure adequate management and coordination of project activities by supporting capacity building within, and activities of, the PMU. This component will finance consultant services, goods, training, non-consultant services and incremental operating costs needed for:

(a) Supporting the PMU, including for the implementation of the ESIA, the ESMP, the Site-Specific ESIA's and the Site-Specific ESMP's, the monitoring and evaluation of the Project and the coordination and knowledge sharing activities among the various entities involved in the implementation of the Project; and

(b) Financing of the Incremental Operating Costs for the Project.

Expected results: The PMU is established and operational, a monitoring and evaluation system is established and operational over the life of the project and a project website created and maintained.

B. Project Financing

Lending Instrument

34. The Morocco ICZM Project will be a Specific Investment Grant.

Project Cost and Financing

35. The Government of Morocco will provide funding totalling US\$20 million to support a US\$5.18 million grant from the GEF. The Government contribution consists of (i) parallel financing in the amount of US\$19.375 million through related new investments under existing projects and programs, such as the National Sanitation Program, forest works and fisheries projects in the oriental region; ii) direct co-financing to the project; and iii) in-kind contribution from the participating governmental agencies. The project also expects in-kind contributions from beneficiaries to match the project grants in agricultural and fisheries activities.

Table 1: Project Cost

Project Components	Project cost (including Government financing)	GEF Financing	Government co-financing
1. Capacity building and institutional strengthening to incorporate the ICZM approach into local development planning	0.912 million	0.677 million	0.235 million
2. Investments to improve coastal resource management and livelihoods through co-management	23.259 million	4.119 million	19.14 million
3. Project management and M&E	1.009 million	0.384 million	0.625 million
Total Project Costs	25.18 million	5.18 million	0.625 million
Government Financing ¹⁴	20.00 million		

36. Incremental operating costs¹⁵ of US\$ 0.384 million under Component 3 will be covered by the budget of the Project. The implementation of Component 3 will also be contributed by the

¹⁴ Government parallel financing for this project includes activities underway in or near the project areas that are complementary to the project activities and under the ICZM approach, which are financed entirely through the national budget. These activities include: (i) a program of rehabilitation of signage and traffic control measures for SBEIs, implemented by HCWFFAD; (ii) improvements to the artisanal fishing at the port of Ras Kebdana; (iii) investments related to the NSP projects including: two waste-water treatment stations at Karia Arekmane and Ferkhana; one waste collection and treatment station at Ras El Ma; one waste-water sanitation network for the tourist complex in Saidia; and a pipe to discharge purified waste-water from the treatment station in Berkane to Oued Cheraa.

MEMWE through government direct co-financing of US\$ 0.625 million to the project. The total budget for Component 3 is US\$ 1.009 million.

C. Lessons Learned and Reflected in the Project Design

37. The project preparation team reviewed and studied good practices and lessons learned from a number of similar projects, including the China Sustainable Coastal Resources Development Project (SCRD - P003539), the Indonesia Coral Reef Rehabilitation and Management Project phase 1 (COREMAP - P036048), the Tanzania Marine and Coastal Environment Management project (MACEMP - P082492), the Kenya Coastal Development Project (KCDP - P094692), and the recent Vietnam Coastal Resource Sustainable Development project (P118979). Lessons have also been considered from related projects and programs financed by the Moroccan Government and other donors.

38. **Main lessons learned** and reflected in the project preparation and design include:

- (a) Building strong ownership by different Government agencies and sectors through consultations and participation in the project preparation. Cooperation among the relevant departments is the back-up force for future success of the Project under the ICZM approach.
- (b) This project will focus on pilot approaches and demonstration schemes to improve people's life by increasing income for farmers/fishermen, and creating jobs for vulnerable groups through diversification of the coastal economy and increasing resilience of vulnerable ecosystems and local communities to climate change risks.
- (c) Co-management approach between government and local communities with broader participation from women and youth and management by farmers/fishermen associations and professional cooperatives.
- (d) Sustainability through the creation of a maintenance mechanism for each project activity has been stressed as a key aspect for the project design of the project activities based on Moroccan experiences and those from similar World Bank projects.
- (e) Climate change adaptation is an integral part of this coastal management project. This is particularly based on the increasing trend of climate change in coastal areas and on China's CSRDP project, which learned a hard lesson from not anticipating the occurrence of extreme natural disasters (typhoons) and heavy losses registered in some of the project areas.

¹⁵ "Incremental Operating Costs" cover the incremental operating costs incurred by the MEMWE on account of project implementation, and comprise: communication, including postage and internet; procurement related advertising costs; local transportation and fuel; office equipment and supplies; project related travel and per diem allowance including accommodation and local transportation.

D. Institutional and Implementation Arrangements

Figure 1: Project Implementation Arrangements

	Steering	Implementation		Advisory
National Level	MEMWE	Project Management Unit (PMU) Central Office Hosted within DE (under MEMWE)	Other partners: HCWFFAD MAMF (DMF, NADA, ADA) MEF, MT	Technical Coordination Committee National Environmental Observatory
Regional/Provincial	Specific Permanent Coastal Commissions Walis / Heads of regional government	Project Management Unit (PMU) Regional Office	Regional representatives of other partners: HCWFFAD MAMF (DMF, NADA, ADA, RDA)	Eastern Region Sustainable Development Observatory
Commune level		Associations and Cooperatives	Communes	

39. The Ministry of Energy, Mines, Water and the Environment, through the PMU, will have the overall responsibility for implementation of Project components 1 and 3, and for the overall coordination of the implementation of the entire Project, including responsibility for financial management, and procurement. As is the case for any other World Bank project in Morocco, the Ministry of General Affairs and Governance (MAGG) has the mandate to oversee general project implementation, and ensure directions chosen, actions undertaken, and results achieved are in accordance with relevant government policies and programs, and with project documents and agreements. Besides the PMU, the other mechanisms and entities involved in project implementation include: the Technical Coordination Committee (TCC) chaired by the MEMWE (through its Department of Environment), various partner agencies or entities,¹⁶ and local community groups or associations. The Project implementation will require collaboration between institutions at the local, provincial/regional, and national levels. The roles and

¹⁶ The partner entities include: MAGG, MEF, High Commission for Water, Forestry and the Fight Against Desertification (HCWFFAD), National Aquaculture Development Agency (NADA), Agricultural Development Agency (ADA), Ministry of Tourism (MT), and Municipal and Regional councils in the Project areas.

responsibilities of each of these entities are summarized below and described in more detail in Annex 3.

40. **Technical Coordination Committee (TCC)** (Comité de Coordination Technique), which has been established for the purpose of ICZM under the chairmanship of MEMWE, will serve as a technical forum for MEMWE, MAGG, MEF, HCWFFAD, MAMF, NADA, ADA and MT in which such entities shall harmonize their actions regarding the implementation of the Project, share knowledge on Project implementation, and ensure that their annual work plans and budgets are well integrated with one another.

41. **Project Management Unit.** A project management unit (PMU) will be established within the Department of the Environment of the Ministry of Energy, Mines, Water and the Environment. The PMU will have both the responsibility for day-to-day implementation of the project and overall coordination for project implementation, with support, guidance and feedback from the MAGG for higher-level inter-institutional issues, and from the Technical Coordination Committee on inter-agency coordination and cooperation, work planning, and budgeting.

42. The PMU will be solely responsible for handling all financial transactions and procurement activities. It will be responsible for consolidating annual workplans, project monitoring guides, and the various progress reports required by the World Bank. The PMU will also ensure efficient coordination between project partners. It will be responsible for promoting partnerships at the regional and local levels and facilitating the integration of ICZM project activities with other partners' development programs in the targeted areas. The PMU will have a central office that will operate out of the main offices of the DE in Rabat and a Regional office operating out of the regional DE office in Oujda.

43. The ICZM project has been nationally developed under the direct supervision of the Director of the Studies, Planning and Strategy Directorate (*Direction des Etudes, de la Planification et de la Prospective*) of the DE, within MEMWE. The project's Director should have at least the rank of Director in the DE administrative hierarchy. Under the project Director, the PMU will be headed by a Project Manager, expected to be a senior professional civil servant of the MEMWE (DE), and he will be assisted by a Project Coordinator (full-time consultant). The Project Manager will oversee project implementation and monitoring at the national level. Specifically, the Project Manager will be responsible for consolidating annual workplans, Project monitoring guides, and the various progress reports required by the World Bank. The Project Manager will also ensure efficient coordination between project partners, particularly on the exchange of information and organization of common activities. The Project Coordinator will be a technical expert in ICZM with experience in project management, and will support the Project Director throughout project implementation, and will assume responsibilities for the application of environmental and social safeguards both centrally and in the region. The PMU will also include a financial management specialist.

44. At the regional level, the Regional Representative of the DE in Oujda will be a member of the PMU and serve as its Regional Project Manager in the region. The Regional Project Manager will be assisted by a Regional Project Coordinator. The regional office of the PMU will be responsible for coordinating the implementation of project activities to be implemented by the DE across all four project pilot areas and will work in close collaboration with the regional staff of the other participating partners and ministries implementing activities under this project.

45. **Other participating partners entities.** Other participating partner ministries and/or institutions will be mostly responsible for the technical implementation of selected project activities under component 2 and in accordance with the Implementation Conventions to be signed with MEMWE. These partner entities include.

(a) The High Commission for Water, Forestry and the Fight Against Desertification (HCWFFAD);

(b) The Department of Maritime Fisheries (DMF) of the Ministry of Agriculture and Maritime Fisheries (MAMF) supported by the National Aquaculture Development Agency (NADA);

(c) The Agricultural Development Agency (ADA); and

(d) The Ministry of Tourism (MT).

46. Other partner entities also include:

(a) The Specific Permanent Coastal Commission in each of the provinces covered by the Project;

(b) The National Environmental Observatory (NEO) and Eastern Region Sustainable Development Observatory (ERSDO);

(c) The Wali and the provincial Governors of the Eastern region; and

(d) NGOs (associations, cooperatives and other representatives of civil society).

47. Operational procedures and Operations Manual. The Project will be implemented in full compliance with the detailed procedures set out in the Project Operations Manual.

E. Results Monitoring and Evaluation

Monitoring

48. The PMU will be responsible for the monitoring and evaluation (M&E) of the project, including analysis of M&E data and the finalization of progress reports. To this end, it will work closely with the relevant staff and units of the other ministries and agencies participating in the Project (i.e. DMF, NADA, ADA, RDA, HCWFFAD, and MT). These ministries and agencies will provide all relevant data concerning the performance of the activities for which they are responsible to DE for the purposes of M&E. The PMU will also be supported in this by the ERSDO, the DE entity responsible for collection and analysis of environmental data. The Observatoire Régional, in turn, may seek assistance from its national supervising authority, the National Environmental Observatory, as needed.

49. The PMU will have the overall responsibility for the preparation of Project reports and their transmission to the World Bank each semester. The PMU will monitor the Project's intermediate results indicators (see Annex 1) and provide an update of these indicators to be included in the Project's regular reports per semester. Data collection, verification, and initial analyses will be the responsibility of the regional office of the DE, with technical support from the Observatoire Régional. The regional DE staff and/or consultants will be responsible for making regular visits to the project area to monitor progress and collect data on environmental performance. Funds for M&E will be drawn from Component 3. The PMU is responsible for

incorporating detailed monitoring instructions in the Project Operations Manual. The following table presents the reports, the involved entities, and the related calendar.

Table 2: M&E: Reports

Report	Prepared by:	Transmitted to:	Date	Consolidated by:	Date	Transmitted to	Transmitted to	Date
Project Report	DE regional office, ERSDO	PMU	Each semester, within 15 days after the end of the semester	PMU	Each semester, within 30 days after the end of the semester	Recipient	WB	Each semester, within 45 days after the end of the semester
	Partner agencies	PMU	Each semester, within 15 days after the end of the semester					
Interim Unaudited Financial Report	PMU		Each semester, within 15 days after the end of the semester	PMU	Each semester, within 30 days after the end of the semester	Recipient	WB	Each semester, within 45 days after the end of the semester
Financial Statement (FS)	PMU		Each year, by May 1 st	PMU	Each year, by June 1 st	Recipient	WB	Each year, by July 1 st

50. Regional PMU staff will share the semester reports with the local cooperatives involved in co-management. This is for the benefit of informing the decision-making of those cooperatives and for seeking their feedback on the monitoring and evaluation of the project as it pertains to their activities.

Evaluation

51. Substantial baseline data exist in the form of studies conducted on coastal zone management in the Eastern region, including output from previous projects such as MedWetCoast, SMAP III and ACCMA. Project baseline data, reports and lessons learned from ongoing and previous projects comprising Project parallel finance that are executed by other agencies participating in the Project shall be presented to the PMU within six months of project effectiveness.

52. The PMU will be responsible for contracting independent consultants to conduct the mid-term and end-of-project evaluations, including updated surveys of socioeconomic conditions and fisheries and agricultural resources in the project area. The mid-term evaluation will assess the operational aspects of the project, namely progress in the completion of activities and the achievement of the PDO. The mid-term evaluation will also include recommendations for

corrective measures, if needed, for project implementation to remain on track. The end-of-project evaluation will have the same scope as the mid-term review but will focus particularly on project outcomes and results at the local, regional, and national level. The end-of-project evaluation will also provide recommendations in terms of M&E and replication of best practices, especially for the sustainable management of coastal resources and the preservation of internationally recognized wetlands. Terms of reference for the mid-term and end-of-project reviews will be agreed upon with the World Bank and included in the Project Operations Manual.

F. Sustainability

53. Sustainability is critically important and a key consideration in Project design. Specifically, the Project is designed to integrate and coordinate the actions of various government agencies with mandates to manage different sectors in the coast. The implementation structures to be set up to that end under the Project are expected to remain in place, either as they are or under different names, and to carry on functioning after the project finishes.

54. Special characteristics that make the project sustainable include:

(a) The Project helps address the Moroccan Government's priority goal of sustainable management of coastal resources for rapid and sustainable growth, improved governance, poverty eradication, and better social conditions. This also includes piloting the application of the draft ICZM bill once it becomes law, and direct involvement of the project in the government long-term programs and strategies – National Sanitation Program, Plan Maroc Vert, Vision 2020 of tourism, the national water strategy and the Plan Halieutis for sustainable fisheries;

(b) The Project has support from the local stakeholders who are eager to see action follow from the many studies and consultations conducted in the past. The Project also promotes locally based development planning, which places special emphasis on local stakeholders;

(c) The Project will institutionalize the ICZM approach that incorporates climate change and planning for adapting to its impacts into local economic development plans;

(d) The Project expects to encourage the creation of jobs and diversify the local economy because it focuses on environmentally and socially sustainable economic development and co-management of fisheries, agriculture and tourism resources, thus strengthening and improving cost-efficiency in the conservation of coastal ecosystems;

(e) The Project will also encourage entrepreneurship of micro, small and medium-sized enterprises through capacity building and piloting public and private partnerships; and

(f) Improved conservation and management of natural resources will strengthen and sustain local economies, particularly those based on tourism, fisheries and agriculture. It will also strengthen the ability of local communities to adapt to the impacts of climate change and climate variability.

55. The Project is also highly sustainable because its beneficiaries do not see the Project as a government “handout”. Direct assistance to stakeholders generally requires matching contributions from participating beneficiaries, which helps to ensure the sustainability of these activities.

IV. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

1. Project Stakeholder Risk	
Stakeholder Risk	Rating: Low
2. Implementing Agency (IA) Risks	
Capacity	Rating: Substantial
Governance	Rating: Moderate
3. Project Risk	
Design	Rating: Low
Social and Environmental	Rating: Moderate
Program and Donor	Rating: Low
Delivery Monitoring and Sustainability	Rating: Moderate
4. Overall Risk	Rating: Moderate

B. Overall Risk Rating Explanation

56. Potential risks are summarized in the Risk Ratings Summary Table above and discussed in the Operational Risk Assessment Framework (ORAF) in Annex 4. The overall implementing risk for this project is rated moderate. However there is a high capacity risk due primarily to the inexperience of the Agency in managing World Bank projects. The Project activities by themselves do not pose major technical difficulties. The environmental and social project risks are rated as medium. Regarding social safeguards, no activity involving involuntary resettlement will be financed under this project. Any activity involving land will only be carried out on public lands from which resettlement is not required or on private lands where voluntary participation of the landholder is documented in writing. The Project will not involve involuntary land taking resulting in relocation or loss of shelter; loss of assets or access to assets; or loss of income sources or means of livelihood (whether or not the affected person needs to move to another location). The development planning to incorporate ICZM principles at the level of the communes makes use of existing institutions or expands upon them. The government’s strong commitment to the ICZM approach is helpful in lending weight to this project. The overall project risks are rated moderate. Identified risks are manageable and mitigation measures have been planned.

V. APPRAISAL SUMMARY

A. Economic and Financial Analyses

57. The US\$5.18 million GEF grant will strengthen the capacity of relevant stakeholders to incorporate ICZM methodology and climate change adaptation into local development planning in the eastern Mediterranean coastal areas of Morocco. While about 80 percent of the grant will be used to test win-win approaches to improve the quality of life of coastal communities through environmentally and socially sustainable use of natural resources, the project will also pilot climate change adaptation among farmers and fishermen to demonstrate comparative advantages of ICZM when compared to business as usual.

58. These activities are closely linked with relevant existing government projects and programs, such as the National Sanitation Program, fisheries projects, waste-water treatment and wetland conservation programs. Activities already identified under the national plan for waste-water treatment, the Plan Maroc Vert, together with contribution from the fisheries, water and forestry sectors bring total Government parallel financing of the Project to more than US\$20 million.

59. Since this is a GEF grant, incremental Cost Analysis (see Annex 6) was conducted in lieu of standard economic and financial rates of return.

B. Technical

60. The Project aims to help develop an appropriate skills mix, associated technical and physical capacity building, and policies and guidelines needed for effective piloting of ICZM and climate change adaptation. Identification of these is based on: i) national priority needs and on-going and previous work undertaken by the Government of Morocco and its donors, including the draft ICZM bill and the coastal zone management actions plans under SMAP III; and ii) on the need to improve governance and transparent resource management. This includes promotion of cooperation among different sectors and local communities in natural resources management - including the most vulnerable groups, such as women and youths.

Some of the most important areas to be covered are:

- (a) Restoration of wetland ecosystems and coastal dunes at the estuary of the Moulouya river through: i) restoration of 20 ha of coastal dunes; and ii) rehabilitation of the hydrological functions of the Moulouya SBEI through conducting studies and subsequent installation of water pipes to drain water from the Ain Chebbak spring to wetlands located in the douar Cherarba;
- (b) Fisheries management improvements through support to artisanal fishermen, including the deployment of a pilot project an artificial reef, and seaweed and shellfish farming. However, the Project takes a precautionary approach and requires preliminary studies before actual field trials are allowed to begin;
- (c) Agriculture and diversification through environmentally and socially sustainable revenue generating activities will include plantation of fruit trees and land rehabilitation. Specific techniques include: i) planting of fruit trees adapted to local

climatic conditions (olive, carob and almond trees; ii) building rock terraces on private eroded land to increase the arable surface area, and iii) mitigating water erosion effects by improving water conservation.

C. Financial Management

61. The financial management system within the Ministry of Energy, Mines, Water and the Environment (MEMWE), through its Department of the Environment (DE) was appraised to determine if it complies with the requirements of the Bank in respect to OP/BP10.02. The financial management assessment of the Department of Environment covered the areas of accounting and financial management as well as the reporting and auditing processes of the Project. The financial management system in place including necessary arrangements to respond to the needs of the financial monitoring of the Project, satisfies the minimum requirements of the Bank.

62. The assessment concluded that the DE has sufficient capacity to manage Project related financial matters and administer grant funds. The main responsibilities will include Project budgeting, treasury, general accounting and reporting. The FM inherent risk for the country, the entity, and the project is considered moderate.

63. Disbursement will be handled through the MEF following established procedures. Interim unaudited financial report, which will cover all the activities and sources of funds of the project, will be prepared biannually by the DE and transmitted to the World Bank 45 days after the end of each period.

64. The DE will ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank no later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

65. The DE shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be provided to the World Bank no later than six months after the end of such period.

66. Financial flow of funds will come from the grant funds of the Bank. Financial flows between the World Bank and the DE will be organized according to the disbursement procedures of the Bank.

D. Procurement

67. Procurement within the Project is mostly for the selection of consultants for technical assistance, capacity building, training, communication, economic studies and feasibility studies, for goods and non-consulting services (e.g. equipment, material and office supplies for the PMU, workshops). Works contracts are expected for activities such as rehabilitation and restoration of degraded wetland ecosystems and coastal dunes, construction of the artificial reef, and building of rock terraces on eroded land. The Department of the Environment (DE) will be in charge of the Project procurement. A dedicated PMU will be set up for the implementation of the Project.

The relevant sub-units and entities under the Ministry of Agriculture and Maritime Fisheries, HCWFFAD and MT will be involved in the project. At the decentralized level, the provincial directorate of the DE will also be involved in implementation of the Project, in relation with local communities and beneficiaries. The capacity assessment carried out in June 2010, during project preparation of the PPG showed that the DE does not have experience in implementing Bank projects in recent years and thus staff currently in place has not been trained in Bank procurement procedures, even though the DE benefitted in the past from other donor support (e.g. from the EU, UNDP).

68. The overall risk for procurement is considered substantial. This is because of: (i) the lack of experience in Bank procedures of the DE and its staff working directly on project implementation; and (ii) the absence of training in Bank procurement procedures for those staff. To help better mitigate the risk and facilitate project implementation, the following measures are recommended: (i) organization of training workshop(s) for DE and staff from all other entities involved in the project implementation, before project effectiveness, (ii) preparation of Standard bidding documents (SBD) for National Competitive Bidding (NCB) complying with procedures for NCB acceptable to the Bank; and (iii) preparation of a Project Operational Manual. More details are provided in Annex 3.

E. Social (including Safeguards)

69. OP/BP 4.12 on Involuntary Resettlement will not be triggered by the project as activities involving involuntary resettlement will not be financed under this project. Any activity involving lands will only be carried out on public lands from which resettlement is not required or on private lands where voluntary participation of the landholder is documented in writing. The project will not involve involuntary land taking resulting in relocation or loss of shelter; loss of assets or access to assets; or loss of income sources or means of livelihood (whether or not the affected person needs to move to another location). Project legal agreement has included a clause to this end.

70. An environmental and social impact assessment (ESIA) was prepared and has been disclosed in country and in French on February 16, 2012, and lodged in the InfoShop after the country's disclosure on February 16, 2012. The ESIA identifies the impacts and mitigation measures related to social impacts. A public consultation plan will have to be devised at the early stages of implementation, in line with the World Bank requirements on consultations and to make sure that all involved stakeholders are consulted and vulnerable groups are given fair access to express their points of view. The plan should be made available to the Bank by no later than six months after the Effective Date of the Project and the consultation plan shall be promptly implemented as approved by the World Bank.

71. There are no major negative social impacts expected to affect the livelihoods of artisanal fishermen. In addition, the feasibility studies that are required will further assess the risks related to this issue and provide specific measures to mitigate any negative social impacts. Social and environmental impact assessments sections will also be included in the feasibility studies for the deployment of the artificial reef and two aquaculture facilities. Special attention will be given to the fact that the fishermen and their newly formed cooperative will have to manage the reef and related fishing activities to ensure their livelihood. In this context, it is fundamental that open and transparent consultations be conducted with all the involved stakeholders.

Vulnerable groups

72. The Project will involve a series of **revenue-generating activities under Component 2.3 that will specially address the needs of vulnerable groups**. For example, it will promote apiculture activities by supplying local women with full hives, training them in modern beekeeping and marketing techniques and teaching them how to organize in associations or cooperatives (Sites of Saidia Ras El Ma, Beni Chiker, and Boudinar).

73. The Project will also target its activities to vulnerable groups (such as poor people, women, elderly, and children) in its subcomponent on restoration of degraded soils through planting of fruit trees adapted to local climate conditions (olive, carob and almond).

74. The trainings developed under the Component 1 will also focus on raising awareness on how climate change might impact coastal zones, particularly on potential loss of agricultural land, threats to human habitation, near-shore fisheries, etc., so that those dependent on these areas have the time and the knowledge to adapt and alter their livelihoods and dwellings.

On implementation capacity

75. The Department of the Environment (DE) will be responsible for the implementation and monitoring of environmental and social safeguards aspects of the Project. Because the DE does not have prior experience with the World Bank social and environmental standards or consultation and disclosure requirements, some reinforcement of capacity will be required. To compensate for implementation capacity risk, the Grant will finance a portion of the cost of a Program Coordinator, a consultant and member of the PMU among whose responsibilities will be the execution of all environmental and social safeguards functions, including the implementation of the ESMP. In addition, the Grant will finance a member of the PMU, whose responsibility will encompass implementing the M&E system for the project, including such aspects of M&E pertaining to safeguards and the ESMP.

76. A particular concern is community outreach and public consultation. A public consultation plan will have to be devised as part of the implementation to make sure that all involved stakeholders are consulted and vulnerable groups are given fair access to express their points of view. This plan will be made available to the Bank no later than six months after the Effective Date of the Project.

77. The Site-Specific ESIA and Site-Specific ESMPs required for the activities under Component 2.2 will be prepared using the same methodology as the Project ESIA and ESMP. Section 2.3 of that document specifies the applicability of the analytical methodology to the activities of the Project and that the Site-Specific ESIA and ESMPs so prepared will become part of the feasibility studies for their respective activities under Component 2.2. These Site-Specific ESIA/ESMPs will:

- (a) Take into account all applicable environmental and social safeguard policies of the World Bank;

- (b) Ensure that the activity in question will not cause involuntary displacement of persons or any new restriction of access to natural resources, in accordance with OP 4.12 of the World Bank;
- (c) Hold formal consultations with stakeholders and local populations during the preparation of the Site-Specific ESIA/ESMP, as required by the World Bank's guidelines on consultation; and
- (d) Be published in their final form on the websites of the Moroccan government and the World Bank.

F. Environment (including Safeguards)

78. The Project is expected to have significant positive environmental and social impacts. However, because of the nature of the activities planned under the project, it has been assigned an environmental Category B. An environmental and social impact assessment (ESIA) has therefore been prepared in French under the World Bank's Operational Policy on environmental assessment (OP 4.01). In accordance with the World Bank's disclosure policy and guidelines, the ESIA was disclosed at the World Bank's Infoshop before project appraisal, and disclosed in-country on the website of the DE. The disclosure date in Morocco was February 16, 2012. The objective of the ESIA is to assess the expected positive and negative impacts that the project will have on the environment and on society in the affected areas, and to propose an environmental and social management plan (ESMP) to manage the risk of those negative impacts.

79. The ESIA investigated the impact of each of the project's activities on the environment and local society. Its results reveal that many of the expected environmental impacts will be positive, as described above, and that the project will not create significant or irreversible negative impacts on the environment. Most potential negative environmental impacts are expected to be minor, temporary and site-specific in nature and can be mitigated by implementation of and compliance with the ESMP. There are no major social impacts expected to affect the livelihoods of artisanal fisherman.

80. As part of the project's activities, feasibility studies will be conducted for the eventual establishment of one artificial reef, one seaweed farming facility, and one aquaculture (shell fish farming) facility. These feasibility studies will contain environmental assessments in accordance with applicable Moroccan law, but will also be required to comply with the requirements of the ICZM project's ESIA/ESMP.

81. The ESMP (Chapter 6 of the ESIA) will be incorporated into the Project Operations Manual and will guide the day-to-day implementation of the project.

82. The Department of the Environment (DE) within the Ministry of Energy, Mines, Water and the Environment (MEMWE) will be responsible with implementing and monitoring compliance of environmental issues (including environmental safeguards issues).

83. Public consultations were carried out during the preparation of the project, and the results of the ESIA were presented to a public forum of stakeholders in Nador on November 1, 2011. The record of that public consultation is included in the annexes of the ESIA.

84. Concerning environmental safeguard policies, the ICZM project involves environmental interventions and therefore triggers the World Bank environmental assessment Operational Policy (OP 4.01). OP/BP 4.04 on Natural Habitats is also triggered, due to the fact that work will be undertaken to enhance biodiversity protection and co-management regimes that will include at least one Ramsar wetland site. However, the activities in question are designed to conserve these ecosystems, and no significant conversion or degradation of critical natural habitats will occur; quite the contrary.

85. As noted in the preceding section, all Site-Specific ESIA's and Site-Specific ESMPs prepared for Project activities under Component 2.2 will be required to take all environmental (and social) safeguard policies into account.

86. No other safeguard policies are expected to be triggered by the project, considering also that Morocco has adequate environmental legislation, institutional capacity, and mechanisms to deal with environmental issues during project preparation and implementation, particularly in the area of wetland conservation, fisheries, agriculture and climate change. There are no additional environmental issues that go beyond the ambit of the safeguard policies.

Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)	X	
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Indigenous Peoples (OP/BP 4.10)		X
Physical Cultural Resources (OP/BP 4.11)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

Annex 1: Results Framework and Monitoring

MOROCCO:

INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

Project Development Objective (PDO): The objective of the project is to pilot the application of the integrated coastal zone management approach in the project area on the eastern Mediterranean coast of Morocco.												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				Yr 1	Yr 2	Yr 3	Yr 4	Yr 5				
Indicator One: Number of approved local development plans that are revised to incorporate the ICZM approach	<input type="checkbox"/>	Number of ICZM-friendly local plans created	0	0	6	6	6	6	Semester reports, Mid-term review	PMU report	PMU	Success will be measured by inclusion of key ICZM concepts in revised plans
Indicator Two: Formulation and implementation of a public awareness campaign for the promotion of biodiversity conservation through co-management of the Ramsar wetlands of the Moulouya estuary	<input type="checkbox"/>	Number of public awareness campaigns promoting conservation of Ramsar wetlands	0	0	0	1	1	1	Semester reports, Mid-term review	HCWFFAD report	HCWFFAD and PMU	
INTERMEDIATE RESULTS												
Intermediate Result (Component 1):												
1. (a) Government officials and members of local communities involved in development planning receive training and regular refreshers in ICZM and co-management	<input type="checkbox"/>	Number of training workshops delivered	0	8	18	28	38	48	Semester reports, Mid-term review	Reporting by PMU	PMU	
1. (b) Specific permanent Coastal Commissions at	<input type="checkbox"/>	Number of meetings of	0	3	9	15	21	27	Semester reports,	Reports from Coastal	PMU	One meeting per

the provincial level hold regular meetings and discharge their mandate		Coastal Commissions							Mid-term review	Commissions (e.g. meeting minutes)		CC in the first year, two meetings per year thereafter
1. (c) Training of trainers in ICZM principles	<input type="checkbox"/>	Number of educators trained	0	10	30	50	70	90	Semester reports, Mid-term review	Reports by PMU	PMU	Training of trainers is based on the use of materials developed over the course of the project
1.(d) Number of approved local development plans that are revised to incorporate the ICZM approach	<input type="checkbox"/>	Number of ICZM-friendly local plans created	0	0	6	6	6	6	Semester reports, Mid-term review	PMU report	PMU	Success will be measured by inclusion of key ICZM concepts in revised plans
Intermediate Result (Sub-Component 2.1):												
2.1. Rehabilitation of degraded wetlands and dune ecosystems at Moulouya	<input type="checkbox"/>	Number of hectares rehabilitated	0	0	5	10	18	20	Semester reports, Mid-term review	HCWFFAD report	HCWFFAD and PMU	
Intermediate Result (Sub-Component 2.2):												
2.2. (a) Artificial reef is deployed in project area and operating under co-management regimes	<input type="checkbox"/>	Number of deployed reef	0	0	0	1	1	1	Semester reports, Mid-term review	DMF	DMF	
2.2. (b) and (c) Feasibility of establishing seaweed and shellfish farms is studied	<input type="checkbox"/>	Number of feasibility studies completed	0	1 – seaweed	2 – shellfish	2	2	2	Semester reports, Mid-term review	NADA	NADA	
2.2. (d) and (e) Pilot seaweed and shellfish	<input type="checkbox"/>	Number of pilot farms	0	0	1 – seaweed	2 – shellfish	2	2	Semester reports,	NADA	NADA	

farms successfully launched and operating under co-management									Mid-term review			
Intermediate Result (Sub-Component 2.3):												
2.3. (a) Restoration of degraded areas through soil and water conservation (SWC) measures	<input type="checkbox"/>	Number of hectares receiving SWC measures	0	0	50	150	400	500	Semester reports, Mid-term review	ADA	ADA	
2.3. (b) Number of associations or cooperatives of women involved in apiculture	<input type="checkbox"/>	Number of associations or cooperatives	0	0	1	2	3	3	Semester reports, Mid-term review	ADA	ADA	
Intermediate Result (Sub-Component 2.4):												
2.4. Small-scale ecolodges are established/rehabilitated and operating	<input type="checkbox"/>	Number of ecolodges established and operating	0	0	2	3	4	6	Semester reports	MT	MT	
Intermediate Result (Component 3):												
3. (a) and (b) Progress reports are submitted in a timely manner and project website created/updated	<input type="checkbox"/>	Number of progress reports submitted (technical, fiduciary, and safeguards)	0	7 Project web created	14	21	28	35	Semester reports, Mid-term review	PMU	PMU	Three reports twice per year, plus annual summary report
3. (c) Project adheres to annual work program and budget	<input type="checkbox"/>	% completion of annual work program and budget	0	90	90	95	95	95	Semester reports, Mid-term review	PMU	PMU	Non-cumulative
3. (d) Monitoring site visits are proceeding. Measurements and observations of progress and indicator values are being recorded	<input type="checkbox"/>	Number of site visits completed with measurements observed	0	24	72	120	168	216	Semester reports, Mid-term review	PMU	PMU	Target rate of one visit per project area per month

Annex 2: Detailed Project Description

MOROCCO: INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

1. This annex presents the detailed description of the ICZM project's activities, along with a map showing the geographical locations of the project area (Figure 1, below) and a table showing the detailed breakdown of project financing between components, sub-components, and individual project activities (Table 1, below).

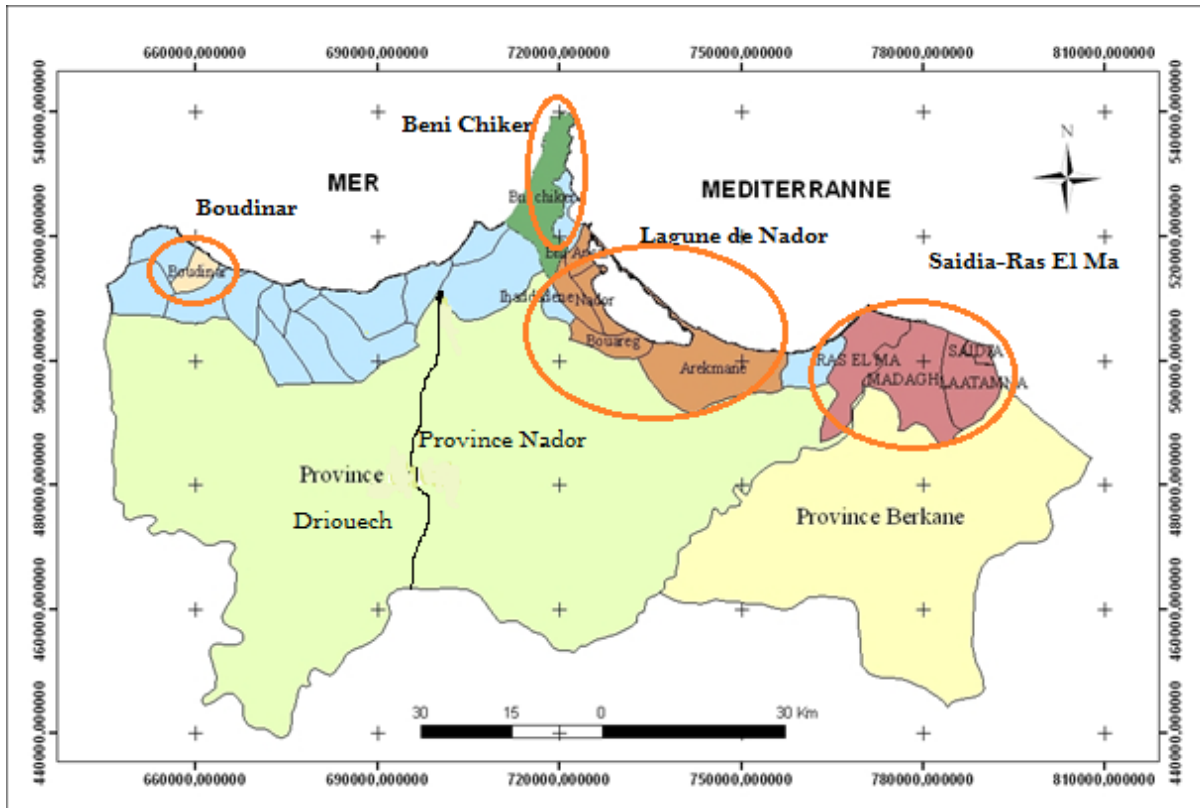


Figure 1 - Map of Morocco's Oriental Region, showing project area circled (Source: Khattabi and Ghazi, 2009. Socioeconomic aspects of the EMC, ACCMA project, 45p.)

Component 1: Capacity building and institutional strengthening to incorporate the ICZM approach into local development planning (Total cost: US\$ 0.677 M, government contribution: US\$ 0.235 M)

2. The objective of this component is to strengthen the capacity of government institutions and local communities to incorporate the ICZM approach into their local development plans. Under Article 36 of the Moroccan Communal Charter (*Charte communale*), each commune currently prepares and maintains its own communal development plan, which is intended to guide the development of that commune. These are currently not produced based on spatial information, and do not take explicit account of ICZM. These plans are prepared by the elected President of each commune in consultation with the population and serve as a means of guiding development within the community itself and as a budgeting exercise in cooperation with higher

levels of government. These communal development plans are not a means of restricting access to lands and natural resources, or of constraining economic activity within a community.

3. The intended audience is the citizens and officers of the communes, as well as government officials at various levels. This component will align with the strategic ICZM bill currently under review by Parliament. It also represents an opportunity to take a crosscutting approach to helping local communities adapt to predicted climate change impacts.

4. This component will finance consultant services, training and workshops, non-consultant services, works, and goods to be used in support of the following activities:

- (a) Promoting awareness of, and building capacity in, the application of the ICZM approach, including solid waste and waste-water management, by provincial and local governments and local stakeholders in the project, after development of a communication plan for the project area through:
 - (i) Organization of workshops targeting government managers of the coastal resources and economic development planning on the benefits, application and operation of co-management between the Government and local residents as part of the ICZM approach. Since ICZM and associated spatial planning is a locally based activity, the main audience will include members of the three provincial Specific Permanent Coastal Commissions.
 - (ii) Organization of community-oriented workshops that explain the benefits, obligations and application of natural resource co-management and the ICZM approach to local users of the resources to be involved in co-management.
 - (iii) A broader-based public education campaign to build long-term awareness among local populations, decision-makers, and other stakeholders of the ICZM approach. This community outreach will include workshops including launching and closing events, communications materials, the press, and training for trainers in primary and secondary education (teachers of children under the age of 18) on topics related to ICZM and climate change.
 - (iv) coordinating and sharing knowledge among the project's various partner agencies, which includes learning and good practices sharing through IW-LEARN.
- (b) Mainstreaming the ICZM approach in the preparation of the development plans of six selected communes in the project area during required periodic update. Coastal communes will first undertake village-level ICZM resource planning. These plans would then feed into Government-mandated spatial development plans required as part of its annual assessment of the needs and distribution of its national development budget. The Project will finance the provision of technical assistance to the involved communities preparing village-level resource allocation strategies under ICZM, and provincial governments to familiarize them with the outputs of these ICZM-based plans in the four project sites.
- (c) Piloting spatial development planning method in one of the six communes targeted in (b) above, where local residents and communal officials will work together in a two-step process to identify the most profitable, environmentally and socially sustainable use for each land unit in a political division (province-district-commune). The first

step is to assess land and near shore capability,¹⁷ which will provide sound guidance to local residents and communal officials on what is possible. But being possible does not mean that a use is environmentally and socially sustainable- particularly with the local community of stakeholders. The output of land capability studies will be overlays on a 1:50,000 (or better) topographic map in a computer-based Geographical Information System (GIS). This tool makes it possible for everyone to understand what is possible in each land unit. The second stage of spatial development planning is a transparent, locally-based process of presenting the land capability GIS information to local stakeholders and through an interactive process, identifying the most profitable, environmentally and socially sustainable use of each land unit that is acceptable to the community. Workshops and technical assistance specific to spatial development planning will be financed.

Expected results: The government and community participants have the awareness, tools, and background information that they need to participate meaningfully in the formulation of a development plan at the local level. Specific Permanent Coastal Commissions acquire the knowledge needed to become effective and to conduct regular meetings twice per Commission per year. Communal development plans will be prepared and/or revised in a manner that incorporates the principles of ICZM and climate change adaptation. Public education material will be prepared and distributed for use in the project area (e.g. guides, tool kits, website for ICZM information, etc.).

Component 2: Investments to improve coastal resource management and livelihoods through co-management approach (GEF contribution: US\$ 4.119 M, and government contribution US\$ 19.14 M)

5. The objective of this component is to support biodiversity and ecosystem conservation while simultaneously undertaking specific and appropriate pilot investments that demonstrate the value of environmental and social sustainability (as introduced through ICZM-linked spatial development planning) in improved use of local natural resources. This component, through its four sub-components, will finance consultant services, works, small works, goods, training and non-consultant services to support:

- (a) **Sub-component 2.1: Improved conservation and management of sensitive coastal areas.** This sub-component will be implemented by project partners HCWFFAD. Activities include:
 - (i) Rehabilitation and restoration of degraded wetland and coastal dune ecosystems at Moulouya. This will be carried out by 1) fixation and restoration of coastal dunes through the fixation of an area of 20 ha, 2) a hydrological study of the SBEI and the installation of water pipes to re-establish the flow of water from the Ain Chebbak spring to wetlands located in douar Cherarba; and 3) the updating of the ecological and socio-economic diagnostic of the affected area.

¹⁷ Capability of a land or water unit is defined by its physical and environmental characteristics (soil, climate, topography, conservation value, etc.) and the environmental requirements of the various uses (various horticulture, livestock, various types of aquaculture, plantation forestry, etc.) that are possible. Land capability should not be confused with land use. Land use is how a spatial unit is currently used, whether that use is appropriate or even environmentally possible. There are standard FAO methodologies for determining land capability.

- (ii) Preparation and implementation of public awareness campaign for the conservation of the Moulouya SBEI. This activity will include the preparation and development of public awareness campaign action plan for the conservation of the Moulouya SBEI through direct consultation and cooperation with the local population and users of the SBEI.

Expected results: Outputs include formulation of a public awareness campaign action plan for the conservation of the Moulouya SBEI, fixation of 20 ha of coastal dunes, and restoration of proper drainage to the Ain de Chebbak spring.

Government will finance in parallel with the project, activities complementary to the investments described above. These will include reforestation activities at the Moulouya SBEI and restoration of walking trails, lookouts and signage at Moulouya. For example, specific and budgeted reforestation activities include: i) the reforestation work in the Oulad Mansour hills which consists of planting 420 ha in scrub, 4500 m³ of dikes and terraces against erosion and the production of 250,000 forest plants; ii) reforestation of a 24 ha area within the El Halgue area (Moulouya SBEI); and iii) repairing walkways, two observation pavilions and road signs at Moulouya. These projects are planned by HCWFFAD for fiscal year 2012. **These activities do not involve any GEF financing. They receive parallel financing from the Government of Morocco only, and are complementary to project activities but not required for the achievement of project objectives.**

- (b) **Sub-component 2.2: Improved fisheries management.** This sub-component will be implemented by project partners DMF, and NADA. The activities to be funded include:
 - (i) Feasibility study including preparation of the related Site-Specific ESIA and Site-Specific ESMP regarding the establishment on a pilot basis of an artificial reef off the EMC between Boudinar and Saidia, and also including technical support for the co-management approach by the users of the resource.
 - (ii) Feasibility study including preparation of the related Site-Specific ESIA and Site-Specific ESMP regarding the establishment on a pilot basis of a small seaweed farm, seaweed processing and commercialisation facilities in one community on the EMC. Feasibility study will also include exploring partnerships between the cooperative and the private sector.
 - (iii) Feasibility study including preparation of the related Site-Specific ESIA and Site-Specific ESMP regarding the establishment on a pilot basis of one small shellfish farm, shellfish processing and commercialisation facilities in communities on the EMC. This activity will focus on the feasibility of mussel and oyster farming in the EMC and investigation of partnerships between the cooperative and the private sector.

Expected results: One artificial reef established and managed by local users under co-management regimes; seaweed farm feasibility confirmed and a small pilot farm established along with processing and commercialisation activities; shellfish farm

feasibility confirmed and one small pilot farm established along with processing and commercialisation activities; and partnerships with private sector explored.

In parallel, government will finance with its own resources activities complementary to the investments described above, including construction of small-scale artisanal fishing facilities and infrastructure at the port of Ras Kebdana, a small port in Nador province. **This activity does not involve any GEF financing. It receives parallel financing from the Government of Morocco only, and is complementary to project activities but not required for the achievement of project objectives.**

- (c) **Sub-component 2.3: Soil and water conservation and income-generating activity.** This sub-component will be implemented by project partners ADA and by DE. The planned activities include:
- (i) Soil and water conservation measures (e.g. terrace construction or rehabilitation, fruit tree planting, small physical works to facilitate water infiltration and reduce runoff and erosion, etc., after conducting of the related Site-Specific ESIA's and Site-Specific ESMP's regarding the establishment of the activities). It aims at improving the livelihoods of the rural population while mitigating the effects of erosion, the conservation of water resources and the promotion of good practices on controlling agricultural pollution. Targeted communities are the communes of Beni Chiker and Boudinar.
 - (ii) Promotion of apiculture by supplying local women's groups with materials (hives and equipment) and technical assistance. This activity fits perfectly into the vision of the Plan Maroc Vert implemented by the Ministry of Agriculture and Maritime Fisheries for the development of beekeeping. The objective of this activity is to increase the income of the population, especially women, through the development of beekeeping and the promotion of its products. Technical assistance will also include investigation of partnerships between the cooperatives and the private sector.

Expected results: Creation of three functioning apicultural cooperatives; restoration of soil and planting of fruit trees over a total of 500 ha in two communes.

In parallel, the government will finance with its own resources activities under the NSP projects that are located in areas where agriculture is the dominant activity and include two waste-water treatment stations at Karia Arekmane and Ferkhana and one waste collection and treatment station at Ras El Ma. **This activity does not involve any GEF financing. It receives financing from the Government of Morocco only, and is complementary to project activities.**

- (d) **Sub-component 2.4: Promotion of ecotourism.** This sub-component will be implemented by project partners MT. The planned activities include:
- (i) A feasibility study on ecotourism in the project area.
 - (ii) The rehabilitation and furnishing, including adapted equipment of solid waste and waste-water for small scale lodges, of up to six small-scale tourist lodges

(Bed and Breakfast) in locations based on the results of the feasibility study and an open, transparent and participatory process to select beneficiaries.

- (iii) Training of tour operators, and promotion of sustainable tourism activities, including raising awareness on effective waste and waste-water resulting from the activity.

Expected results: Restoration of up to six small-scale tourist lodges; training of key personnel (tour guides and ecolodge management staff).

In parallel, the government will finance with its own resources activities under the NSP projects that are located in areas where tourism is an important sector, and include one network of sanitation of waste-water for the tourist complex in Saidia, and a pipe to discharge the purified waste-water from the treatment station to OuedCheraa. **This activity does not involve any GEF financing. It receives financing from the Government of Morocco only, and is complementary to project activities.**

Component 3: Project management and M&E (GEF contribution: US\$ 0.384 M; Government contribution US\$ 0.625 M)

6. The objective of this component is to ensure adequate management and coordination of project activities, and in so doing, laying the groundwork for long term management of the coastal zone by supporting the capacity and activities of the PMU.

7. This component will finance consultant services, goods, training, non-consultant services and incremental operating costs needed for

- (a) The operations of the PMU; and
- (b) Project monitoring and evaluation.

Incremental costs to be financed include incremental contractual staff, office equipment and operations, transportation services (excluding purchase of vehicles), domestic travel, international travel for training, etc. It will also cover the cost of establishing and operating an M&E system for the project.

Expected results: PMU established and operational; monitoring and evaluation system established and operational; the project website created. As management will mainly comprise public servants and be implemented through existing institutions, the project management structure will provide a working example of how long-term integrated coastal management might be organized in the future.

Annex 3: Implementation Arrangements

MOROCCO: INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

Project Institutional and Implementation Arrangements

1. Even though the geographical scope of the project is essentially limited to the eastern part of the Mediterranean coast, national Moroccan institutions will be involved in the implementation of the project at the highest level. This is particularly important in view of the fact that the project taps directly into five major Moroccan initiatives currently being implemented: the National Sanitation Program, the Plan Maroc Vert for Agriculture, the Stratégie Halieutis for fisheries, the 2020 vision for tourism, and the national strategy on climate change.

Project Administration Mechanisms

2. The Ministry of Energy, Mines, Water and the Environment, through the PMU, will have the overall responsibility for implementation of Project Components 1 and 3, and for the overall coordination of the implementation of the entire Project, including responsibility for FM, and procurement. As is the case for any other World Bank project in Morocco, the Ministry of General Affairs and Governance (MAGG) has the mandate to oversee general project implementation, and ensure directions chosen, actions undertaken, and result achieved are in accordance with relevant government policies and programs, and with project documents and agreements. Besides the PMU, the other mechanisms and entities involved in project implementation include: the Technical Coordination Committee (TCC) chaired by the MEMWE (through its Department of Environment), various partner agencies or entities¹⁸, and local community groups or associations. The Project implementation will require collaboration between institutions at the local, provincial/regional, and national levels.

3. The **Technical Coordination Committee (TCC)** (Comité de Coordination Technique) which has been established for the purpose of ICZM under the chairmanship of MEMWE will serve as a technical forum for MEMWE, MAGG, MEF, HCWFFAD, MAMF, NADA, ADA and MT, in which such entities shall harmonize their actions regarding the implementation of the Project, share knowledge on Project implementation, and ensure that their annual work plans and budgets are well integrated with one another. Membership to the TCC will be as follows: MEMWE (Chair, delegated to DE), MAGG, MEF, HCWFFAD, MAMF, MT, NANA, and ADA.

4. **Project Management Unit.** A project management unit (PMU) will be established within the Department of the Environment of the Ministry of Energy, Mines, Water and the Environment. The PMU will have both the responsibility for day-to-day implementation of the project and overall coordination for project implementation, with support, guidance and feedback

¹⁸ The partner entities include: MAGG, MEF, High Commission for Water, Forestry and the Fight Against Desertification (HCWFFAD), MAMF, National Aquaculture Development Agency (NADA), Agricultural Development Agency (ADA), Ministry of Tourism (MT), and Municipal and Regional councils in the Project areas.

from the MAGG for higher-level inter-institutional issues, and from the Technical Coordination Committee on inter-agency coordination and cooperation, work planning, and budgeting.

5. The PMU will be solely responsible for handling all financial transactions and procurement activities. It will be responsible for consolidating annual work plans, project monitoring guides, and the various progress reports required by the World Bank. The PMU will also ensure efficient coordination between project partners, particularly on the exchange of information and organization of common activities. It will also be responsible for promoting partnerships at the regional and local levels and facilitating the integration of ICZM project activities with any other partners' development programs and investment plans in the targeted areas. The PMU will have a central office that will operate out of the main offices of the DE in Rabat and a Regional office to operate out of the regional DE office in Oujda. It will be responsible for day-to-day project management and implementation, including the carrying out of all selected community investments and subprojects.

6. The ICZM project's has been nationally developed under the direct supervision of the Director of the Studies, Planning and Strategy Directorate (*Direction des Etudes, de la Planification et de la Prospective*) of the DE within MEMWE. The project's Director should have at least the rank of Director in the DE administrative hierarchy. Under the project Director, the PMU will be headed by a Project Manager, who would be a senior professional civil servant of the MEMWE (DE), and he will be assisted by a Project Coordinator (full-time consultant). The Project Manager will oversee project implementation and monitoring at the national level. Specifically, the Project Manager will be responsible for consolidating annual work plans, Project monitoring guides, and the various progress reports required by the World Bank. The Project Manager will also ensure efficient coordination between project partners, particularly on the exchange of information and organization of common activities. The Project Coordinator will be a technical expert in ICZM with the competence of project management who will support the Project Director throughout project implementation, and will be responsible for the application of environmental and social safeguards both centrally and in the region, including the implementation of the ESMP. The PMU will also include a financial management specialist.

7. At the regional level, the Regional Representative of the DE in Oujda will be a member of the PMU and serving as its Regional Project Manager in the region. The Regional Project Manager will be assisted by a Regional Project Coordinator (full-time consultant). The regional office of the PMU will be responsible for coordinating the implementation of project activities to be implemented by the DE across all four project pilot areas; and will work in close collaboration with the regional staff of the other participating partners and ministries implementing activities under this project. Staff of other ministries may not be seconded to the PMU directly, but will be close partners of the PMU and daily points of contact for coordination of work.

8. **Other participating partners entities.** Other participating partner ministries and/or institutions will be mostly responsible for the technical implementation of selected project activities under Component 2 and in accordance with the Implementation Conventions to be established with the MEMWE. These partner entities include.

- (a) The High Commission for Water, Forestry and the Fight Against Desertification (HCWFFAD) for subcomponent 2.1 to improve conservation and management of sensitive coastal areas;

(b) The Department of Maritime Fisheries (DMF) of the Ministry of Agriculture and Maritime Fisheries (MAMF) for subcomponent 2.2 dealing with improvement of fisheries management. DMF will benefit from support of the National Aquaculture Development Agency (NADA);

(c) The Agricultural Development Agency (ADA) through the RDA for subcomponent 2.3; and

(d) The Ministry of Tourism (MT) for subcomponent 2.4 aiming at promoting ecotourism.

9. Other partner entities include also:

(a) The Specific Permanent Coastal Commission of each of the provinces covered by the the Project will organize regular meetings and discharge their mandate as the ICZM coordination mechanism;

(b) The National Environmental Observatory (NEO) and Eastern Region Sustainable Development Observatory (ERSDO) will be called upon to help coordinate the monitoring of indicators at the national and regional levels, respectively;

(c) The Wali and the provincial Governors of the Eastern region may be called upon to participate in sensitisation and training activities, and to support implementation of project activities within their jurisdictions; and

(d) At the local level, the associations and cooperatives are recognized as full partners in implementing and maintaining the investments carried out on behalf of the communities.

10. Operational procedures and Operations Manual. The proposed project would be implemented according to detailed procedures defined in the Operations Manual.

Financial Management, Disbursements and Procurement

Financial Management

General framework

11. The project is financed by the GEF for \$5.18 million with a government parallel financing of \$20 million.

Public Financial Management

12. The Bank's experience in Morocco and the main conclusions of the 2009 PEFA indicate that the Moroccan public finance system is governed by an elaborate legal and regulatory framework. The financial management risk of the Moroccan public finance system is considered low.

Assessment of the Financial Management System

13. An assessment of the financial management system in place at the Department of Environment of the MEMWE was carried out to determine if it complies with the Bank minimum requirements for the project management in respect to the OP/BP10.02.

14. The Financial Management System (FMS) in place in the DE of the MEMWE is based on principles and procedures defined by the legal framework applicable to the public sector and more specifically to governmental institutions.

Project Risk identified

15. The following risks have been identified:

- (a) The project staff does not have experience in Bank procedures.
- (b) The project does not have an FM manual.
- (c) The project involves activities with multiple ministries, which increases the risk of delays in project execution.

Risk Mitigation measures

16. Intensive training and assistance will be provided to the project staff by the World Bank Project Task Team.

17. The project will prepare the Project Operations Manual, which should include financial management, and submit it to the Bank for approval. This completion and approval of the Project Operations Manual is a condition of the project effectiveness.

18. The Implementation Conventions between the MEMWE (DE) and the other parties involved in the project will be drafted and submitted for Bank approval. These Conventions will specify the relationship between the MEMWE (DE) and the other involved parties.

Budget

19. The grant will be received by the Government of Morocco for the project. However, each Ministry prepares its own budget and submits it to the Ministry of Economy and Finance for approval through the “Loi de Finance”. In this case, the MEMWE (DE) will include the amount of the grant in its budget and submit it to the MEF through “la Loi de Finance” or through “les fonds de concours” for approval.

20. All projects activities must be clearly identified in separate lines while preparing the budget in order to allow the tracking of project activities.

Staffing

21. The PMU will manage day-to-day implementation of the Project. The PMU will be housed in the MEMWE (DE) and composed of no less than seven persons of its own staff who will be assigned for a share of their time to the Project while keeping working on other activities in parallel.
22. The procurement and financial management of the project will be managed by two qualified and experienced staff (The head of the budget department and his assistant).
23. The PMU staff does not have knowledge of the World Bank procedures, thus the PMU will receive intensive training and assistance from the World Bank Project Task Team.

Accounting

24. An acceptable cash-based accounting system with the outline of budget components is operational according to the regulation described in the public accounting law. The transactions in terms of commitments and disbursements are reflected in the well functioning Integrated Financial Management Information System (IFMIS) named GID (Gestion intégrée des dépenses).
25. The overall principles for Project accounting are outlined below: (a) Books of accounts for the Project will be maintained on cash basis principles. Maintaining the reporting financial system to reflect all the transaction flow of funds and issuing of the Interim unaudited financial report (IUFR) each semester will complete this system; and (b) Project accounting will cover all sources and utilization of Project funds. This will include payments made and expenditures incurred. All project-related transactions will be taken into account in the reporting system. Disbursements made will also be included in the Project accounting system.

Reporting

26. Interim unaudited financial report (IUFR) for the Project will be generated from GID every semester if the budget submitted for this project is well presented. The DE needs to present the budget line items as follows: each budget line item related to the project will represent a component and each sub-line item will represent different categories. Hence, it will allow the tracking of the project financial information through the system. The PMU will produce the IUFRs every semester and send them to the World Bank within 45 days from the end of each semester.
27. The Financial Reporting will include the following:

- (a) Summary of funding sources and uses of funds;

- (b) Uses of funds by project component and by project category;
- (c) Cash withdrawal; and
- (d) Cash forecast.

28. Annually: Audited Project Financial Statements (PFS) will be submitted to the Bank. PFS will include: (i) a statement of sources and utilization of funds or Balance Sheet, indicating funds received from various sources, Project expenditures, and assets and liabilities of the Project; (ii) schedules classifying project expenditures by components, expenditure categories; and (iii) a Statement of reimbursement made on the basis of Statements of Expenditure (SOEs).

Controls

29. In Morocco, the rules governing funds commitment and payment authorization are clear, well known, and enforced. The control framework is based on the segregation of duties between the commitment (*ordonnateur*) and payment (*comptable*).

30. The MEMWE (DE) does not have formalized internal control procedures. A Project Operations Manual will be prepared and submitted to the Bank before effectiveness in order to document the control environment. The Project Operations Manual will describe, among others: control mechanisms at central and decentralized level, transfer and accountability mechanisms for beneficiaries

31. Fiduciary responsibility for control of budget execution and monitoring is assigned to the General Inspectorate of Finance (IGF) and to the Audit Court. The Budget Directorate within the MEF plays an important role in controlling transactions financed by external donors.

External Audit

32. Audit Arrangements. Annual Project financial statements audited by auditors acceptable to the Bank will be submitted to the Bank within 6 months after the end of each Fiscal Year. The audit will be comprehensive and cover all aspects of the Project (i.e., all sources and utilization of funds, and expenditures incurred). The audit will be carried out in accordance with International Standards on Auditing. The Project team will provide the auditor with access to project related documents and records, and information required for the purposes of the audit.

Flow of funds

33. The funds after their budgeting in the “Loi de Finance” will be transferred to the FNE (Fonds National de l’Environnement) that is managed by the MEMWE (DE). As this project involves different parties, the Implementation Conventions will be signed in order to assign the activities to be performed by each entity. All the supporting documents will be submitted to the DE for

payment. No funds will be transferred to other entities and the DE will be the only entity managing the funds through the FNE. The payment justifications supporting documents will be sent to the Directorate of Budget (MEF) for verification, approval and submission to the Bank for reimbursement. As the DE assessment ensured that it has the capacity to manage the funds, in addition to the MEF controls, the risk of misuse of funds is fairly covered.

34. There will be no designated account opened for this project. Expenses will be financed on the government budget and then a request for reimbursement will be submitted to the Bank.

Planning of Supervision

35. A supervision mission will be conducted every six months based on the risk assessment of the project. The mission's objectives will include: (i) ensuring that strong financial management systems are maintained for the project throughout its life; and (ii) semi-annual review of IUFs, review of annual audited financial statements and management letters.

Disbursements

36. The proceeds of the grant would be disbursed in accordance with the traditional disbursement procedures of the Bank and will be used to finance project activities through the disbursement procedures currently used, that is Direct Payment and Reimbursement accompanied by appropriate supporting documentation (Summary Sheets with records and/or SOEs) in accordance with the procedures described in the Disbursement Letter and the Bank's "Disbursement Guidelines". The minimum application size for direct payment and reimbursement will be the equivalent of US\$ 50,000.

37. In order to allow a continuation of related activities, retroactive financing is allowed to finance eligible expenditures made prior to the Grant signing date but on or after March 23, 2012. The aggregated amount should not exceed US\$37,000 equivalent.

38. The Bank will honor eligible expenditures for services rendered and goods delivered by the Project closing date. A four months' grace period will be granted to allow for the payment of any eligible expenditure incurred before the grant closing dates.

39. Necessary supporting documents will be sent to the Bank in connection with contracts that are above the prior review threshold, except for expenditures under contracts with an estimated value of (i) US\$100,000 or less for works, goods and consulting firms; (ii) US\$50,000 or less for individual consultants, as well as all operating costs, training, workshops and field visits, which will be claimed on the basis of SOEs. The documentation supporting expenditures will be retained at the DE and will be readily accessible for review by the external auditors and periods Bank supervision missions. All disbursements will be subject to the conditions of the Grant Agreements and disbursement procedures as defined in the Disbursement Letter.

40. The frequency and scope of World Bank supervisory missions will be adapted to the needs of the DE and will be delivered both at central and regional levels. Supervisory frequency will be half-yearly, though this may be increased if needed.

Procurement

General

41. Procurement for the proposed project would be carried out in accordance with the “World Bank’s Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants By World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), and the provisions stipulated in the legal agreements between the Bank and the borrower (GoM). The various items under different expenditure categories are described in general below. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, the estimated costs, prior review requirements, and time frame are agreed between the recipient and the Bank in the Procurement Plan. The procurement procedures and Standard Bidding Documents (SBD) that will be used by the recipient will also be well defined in the Project Operations Manual, which will include specific and detailed sections regarding Procurement.

42. National Competitive Bidding (NCB) procedures adjusted as indicated below will be used for all Works contracts, and for Goods and for Non-Consulting Services contracts estimated to cost less than the equivalent of three million US dollars (US\$ 3,000,000).

43. To ensure broad consistency with the Procurement Guidelines, the following provisions will apply when using NCB under this project. These procedures shall ensure that, inter alia:

- a) The bidding documents include explicitly the bid evaluation method, award criteria and bidder qualification criteria;
- b) Technical, administrative and financial envelopes are opened immediately after the bid opening session has started and prices are read aloud;
- c) The bids are evaluated on the basis of the price and any other criteria expressed either in pass/fail terms or in monetary terms;
- d) Contracts are awarded to the qualified bidder who has submitted the least-cost evaluated and substantially responsive bid as stipulated in the bidding document; and
- e) Standard bidding documents and bid evaluation reports found acceptable by the Bank are used.

44. Moreover, it has been agreed with the borrower that each contract financed from the proceeds of this grant shall provide that suppliers, contractors and subcontractors shall permit the Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Bank. The deliberate and material violation by the supplier, contractor or subcontractor of such provision may amount to “obstructive practice”.

45. The procedures and standard bidding documents (SBD) of the borrower adjusted to be acceptable by the Bank will be used under National Competitive Bidding (NCB). Thus prior to issuing the first call for bids, a draft SBD to be used under NCB procurement must be submitted to the Bank for approval;

46. Advertisement and Procurement Plan: In addition to advertising pertaining to each contract, a General Procurement Notice (GPN) will be published, in United Nations Development Business, and in at least two national newspapers. The GPN will be published after project is approved by the Bank and prior to the project Effectiveness. The GPN will provide a description of the project and information on related procurement.

47. A Project Procurement Plan in a format acceptable to the Bank will be prepared and updated at least once a year. The procurement plan for the first eighteen (18) month period will be agreed during the negotiations. The procurement plan shall indicate which contracts shall be subject to the Bank's prior review. All other contracts shall be subject to Post Review.

Procurement Arrangements

48. Procurement of Works: Procurement of Works comprising rehabilitation and restoration of degraded wetland ecosystems and coastal dunes, construction of an artificial reef, building of rock terraces on eroded land, will be carried out using the National Competitive Bidding (NCB) method adjusted to be acceptable to the Bank. Standard Bidding Documents acceptable to the World Bank will be used.

49. Small works: Small works, including, rehabilitation and furnishing small scale tourist lodges under Component 2 would be carried out through agreements (conventions) with beneficiary/cooperative commitments and funded by project subsidies. Small works for the purpose of this project is less than \$50,000, and shopping procedures will be used. The total amount of small works for the entire project will be within the total amount of \$350,000. More details will be provided in the project implementation manual.

50. Procurement of Goods and non-consulting Services: Procurement of Goods and Non consulting services comprising the acquisition of equipment, material and office supplies for the PMU, logistics for workshops among others, will be carried out using the following methods:

- a) National Competitive Bidding (NCB): Each package estimated to cost less than the equivalent of US\$ 3,000,000 may be procured on the basis of NCB procedures as found acceptable by the Bank. Bidding documents acceptable to the Bank will be used.
- b) Shopping: Works, Goods and non-consulting services estimated to cost US\$ 200,000 or less may be procured using Shopping procedures.
- c) Direct Contracting: Under circumstances that meet the requirements of paragraph 3.7 of the Procurement Guidelines, goods, non-consulting Services and works may be procured in accordance with the paragraph 3.7 of the Procurement Guidelines using the Direct Contracting procurement method.

51. Selection of Consultants: Consultants services comprise mostly technical assistance, capacity building training, communication, economic studies and feasibility studies, activities in support to the implementation of the different components of the project, including project management and monitoring. The following Bank methods and corresponding standard documents will be used:

- a) Quality & Cost Based Selection (QCBS) for all types of consultant services.
- b) Least-cost Selection. Services for assignments that meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured using the Least-cost Selection method in accordance with the provision of paragraphs 3.1 and 3.6 of the Consultant Guidelines.
- c) Selection Based on Consultant's Qualifications (CQS). Services estimated to cost less than US\$100,000 equivalent per contract may be procured in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.
- d) Single Source Selection. Under circumstances that meet the requirements of paragraph 3.8 of the Consultant Guidelines for Single Source Selection, consultant services may be procured in accordance with the provisions of paragraph 3.8 through 3.11 of the Consultant Guidelines, with the Bank's prior agreement.
- e) Individual Consultants (IC). Services for assignments that meet the requirements set forth in the paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provision of paragraph 5.2 and 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.6 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

52. Short lists may be composed entirely of national consultants for contracts of less than US\$ 200,000 equivalent per contract, complying with the remarks mentioned above.

Publication of Results and Debriefing

53. Online (UN Development Business, and /or Client Connection) publication of contract awards would be required for all Direct Contracting, and the Selection of Consultants for contracts exceeding a value of US\$200,000. All consultants competing for an assignment involving the submission of separate technical and financial proposals, irrespective of its estimated contract value, should be informed of the result of the technical evaluation (number of points that each firm received) before the opening of the financial proposals. The borrower would be required to offer debriefings to unsuccessful bidders and consultants should the individual firms request such a debriefing.

Fraud, Coercion, and Corruption

54. All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project

in accordance with paragraphs 1.16 & 1.17 of the Procurement Guidelines and paragraphs 1.23 & 1.24 of the Consultants Guidelines.

Frequency of Procurement Supervision

55. Supervision of Procurement by the World Bank is an integral part of Project supervision and implementation monitoring. In addition to the prior review supervision to be carried out from Bank offices, it is recommended that two (2) supervision missions take place during a year to visit the project and to carry out post review of procurement actions.

56. Based on the risk associated with procurement (substantial), the following actions need to be implemented by set date (date to be determined base on project timetable) in order to reduce risks:

- a. Inclusion of the procurement procedures in the Project Operations Manual. The Operations Manual will clearly describe procurement procedures, responsibility sharing and document flow among the parties involved in Project implementation. The Operations Manual should comprise in annex, all standard bidding documents that will be used under the project.
- b. Preparation of Standard Bidding Documents for NCB in accordance with the Procurement Guidelines and found acceptable by the World Bank for Works, Goods and Non-consulting Services; these documents, taking into consideration required adjustment in order to be acceptable to the Bank, will be submitted for review and approval to the World Bank by project effectiveness.
- c. Organization of procurement training workshops for staff from all entities involved in project implementation and to raise their awareness on applicable procedures, before project effectiveness.
- d. Preparation of the procurement plan for the first eighteen (18) month before negotiations.

Environmental and Social (including safeguards)

57. The ICZM project is expected to have significant positive environmental and social impacts. By focusing on small-scale projects in the targeted coastal area, the project will address independent fishermen and farmers, their families and their rural communities, traditionally characterized by high poverty rates, low levels of education and low productivity. The project will help to improve the resilience of these communities to climate change and to conserve the natural resources upon which they depend, initiating a system of co-management that gives the local users of the resource a collective means of managing its use and conservation. In particular, Component 1 of the project will raise awareness among farmers, fishermen, and planners as well as vulnerable groups (poor people, women, children and elderly) at the commune and province levels about the risks of climate change and resource mismanagement, and will provide training and tools in the form of ICZM training to reduce their risk through integrated planning and management. This will make coastal fishing and agriculture and their associated activities more resilient to climate change, the project will help to make them more sustainable in the long term.

58. Concerning environmental safeguard policies, the ICZM project involves environmental interventions and therefore it triggers the World Bank environmental assessment Operational Policy (OP 4.01). Because of the nature of the activities planned under the project, it has been assigned an environmental Category B. OP/BP 4.04 on Natural Habitats is also triggered, due to the fact that work will be undertaken to establish co-management regimes that will include at least one Ramsar wetland site. However, the activities in question are designed to conserve these ecosystems, and no significant conversion or degradation of critical natural habitats will occur, quite the contrary. No other safeguard policies are expected to be triggered by the project, considering also that Morocco has adequate environmental legislation, institutional capacity, and mechanisms to deal with environmental issues during project preparation or implementation, particularly in the area of fisheries, agriculture and climate change. There are no additional environmental issues that go beyond the ambit of the safeguard policies.

59. OP/BP 4.12 on Involuntary Resettlement will not be triggered by the project. Activities involving involuntary resettlement will not be financed under this project. Any activity involving lands will only be carried out on public lands from which resettlement is not required or on private lands where voluntary participation of the landholder is documented in writing. The project will not involve involuntary land taking resulting in relocation or loss of shelter; loss of assets or access to assets; or loss of income sources or means of livelihood (whether or not the affected person needs to move to another location).

60. An environmental and social impact assessment (ESIA) has already been prepared and has been disclosed in French, in-country on February 16, 2012 and at InfoShop after the in-country disclosure on February 16, 2012.

61. The objective of the ESIA is to assess the expected positive and negative impacts that the project will have on environment and on society in the affected areas, and to propose an environmental and social management plan (ESMP) to manage the risk of those negative impacts.

62. The ESIA investigated the impact of each of the project's activities on the environment and local society. Its results reveal that many of the expected environmental impacts will be positive, as described above, and that the project will not create significant or irreversible negative impacts on the environment. Most potential negative environmental impacts are expected to be minor, temporary and site-specific in nature and can be mitigated by implementation of and compliance with the ESMP.

63. The Site-Specific ESIA and Site-Specific ESMPs required for the activities under Component 2.2 will be prepared using the same methodology as the Project ESIA and ESMP. Section 2.3 of that document specifies the applicability of the analytical methodology to the activities of the Project and that the Site-Specific ESIA and ESMPs so prepared will become part of the feasibility studies for their respective activities under Component 2.2. These Site-Specific ESIA/ESMPs will:

- (a) Take into account all applicable environmental and social safeguard policies of the World Bank;
- (b) Ensure that the activity in question will not cause involuntary displacement of persons or any new restriction of access to natural resources, in accordance with OP 4.12 of the World Bank;
- (c) Hold formal consultations with stakeholders and local populations during the preparation of the Site-Specific ESIA/ESMP, as required by the World Bank's guidelines on consultation; and
- (d) Be published in their final form on the websites of the Moroccan government and the World Bank.

64. The ESMP (Chapter 6 of the ESIA) will be incorporated into the Operations Manual and will guide the implementation of the project from day to day.

Vulnerable groups

65. The project will involve a series of **revenue-generating activities under component 2.3 that will specially address the needs of vulnerable groups**. For example, it will promote apiculture activities by supplying local women with full hives, training them in modern beekeeping and marketing techniques and teaching them how to organize within associations or cooperatives (Sites of Saidia Ras El Ma, Beni Chiker, and Boudinar); and its subcomponent on restoration of degraded soils through planting of fruit trees adapted to local climatic conditions (olive, carob and almond).

66. The trainings developed under Component 1 will also focus on raising awareness on how climate change might impact coastal zones and thus, affect its vulnerable groups (people at poverty line, women, children and elderly) and the adaptation measures that could be developed to mitigate them.

Consultations

67. Public consultations have been carried out over a number of years in the context of previous work done in the project area in view of coastal zone management, e.g. SMAP III and ACCMA. In addition, public consultations specific to this project were carried out during preparation, and the results of the ESIA were presented to a public forum of stakeholders in Oujda on November 1, 2011. Annex A of the ESIA includes information on the public consultations.

68. The capacity of the DE to plan and execute a project-wide, ongoing consultation process as part of implementation is untested, but is particularly important given the co-management emphasis of the ICZM project. A consultation plan will therefore be devised as part of the implementation to make sure that all involved stakeholders are consulted and vulnerable groups are given fair access to express their points of view. The plan should be made available to the Bank no later than six months after the Effective Date of the Project and the consultation plan shall be promptly implemented as approved by the World Bank.

On implementation capacity

69. The Department of the Environment (DE) within the Ministry of Energy, Mines, Water and the Environment (MEMWE) will be responsible with implementing and monitoring compliance of both environmental and social safeguards.

70. Because the DE does not have prior experience with the World Bank social and environmental standards or consultation and disclosure requirements, some reinforcement of capacity will be required. For this reason, and at the request of the DE following its own internal assessment of capacity, the project will enlist the assistance of the ERSDO and NEO in monitoring safeguards performance. Additional expertise is available through other departments of the Government of Morocco and may be made available to DE through the MAGG. To compensate for implementation capacity risk, the Grant will finance a portion of the cost of a Program Coordinator, a consultant and member of the PMU among whose responsibilities will be the implementation of all environmental and social safeguards functions, including the implementation of the ESMP. In addition, the Grant will finance a member of the PMU, whose responsibility will encompass implementing the M&E system for the project, including such aspects of M&E pertaining to safeguards and the ESMP.

Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)	X	
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

Monitoring

71. The PMU will be responsible for the monitoring and evaluation (M&E) of the project, including analysis of M&E data and the finalization of progress reports. To this end, it will work closely with the relevant staff and units of the other ministries and agencies participating in the implementation of the ICZM project (i.e. DMF, NADA, ADA, RDA and HCWFFAD). These ministries, in turn, will provide all relevant data concerning the performance of the activities for which they are responsible to DE for the purposes of M&E. To provide critical capacity in data collection, it will also be supported by the ERSDO, another entity of the DE whose mandate includes the collection and analysis of environmental data. The ERSDO, in turn, may seek assistance from its national parent, the National Environmental Observatory, as needed.

72. The PMU will monitor the project's intermediate results indicators (see Annex 1) and provide a semi-annual update of these indicators to be included in the project's regular reports.

Data collection, verification, and initial analyses will be the responsibility of the regional office of the DE, with technical support from the ERSDO. The regional DE staff and/or consultants will be responsible for making regular visits to the project area to monitor progress and collect data on environmental performance. Funds for M&E will be drawn from Component 3. The PMU will be responsible for incorporating detailed monitoring instructions in the Project Operations Manual.

73. Regional PMU staff will share the semi-annual reports with the local cooperatives involved in co-management with the government. This is for the benefit of informing the decision-making of those cooperatives and for seeking their feedback on the monitoring and evaluation of the project as it pertains to their activities.

Evaluation

74. Substantial baseline data exist in the form of numerous studies conducted on coastal zone management in the Eastern region, including as part of previous projects such as SMAP III. For co-financed activities executed by other agencies participating in the ICZM project, those agencies shall present baseline data relevant to their activities to the PMU within six months of project effectiveness.

75. The PMU will be responsible for contracting independent consultants to conduct the mid-term and end-of-project evaluations, including updated surveys of socioeconomic conditions and fisheries and agricultural resources in the project area.

76. The mid-term evaluation will assess the operational aspects of the project, namely progress in the completion of activities and the achievement of the PDO. The mid-term evaluation will also include recommendations for corrective measures, if needed, for project implementation to remain on track.

77. The end-of-project evaluation will have the same scope as the mid-term review but will focus particularly on project outcomes and results at the local, regional, and national level. The end-of-project evaluation will also provide recommendations in terms of M&E and replication of best practices, especially for the sustainable management of coastal resources and the preservation of internationally recognized wetlands. Terms of reference for the mid-term and end-of-project reviews will be agreed upon with the World Bank and included in the Project Operations Manual.

78. The mid-term and end-of-project evaluations will need to measure the progress against the PDO Level Results Indicators (see Annex 1). This will be important to the PMU in compiling the necessary baseline data from existing studies as discussed above. Baseline information will also need to be collected for Intermediate Results Indicators. The list of these PDO Level and Intermediate Results Indicators will need to be included in the TORs for the mid-term and end-of-project reviews.

79. Evaluation Schedule

- (i) Baseline of outcome indicators
 - a. The baseline information on the PDO Level Indicators will be established from data contained in existing studies of the relevant sectors, resources and geographical areas;
 - b. Baseline information on Intermediate Results Indicators will be established from data contained in existing studies of the relevant sectors, resources and geographical areas.
- (ii) Mid-term evaluation
 - a. The PMU will recruit a consultant (firm) to prepare, under terms of reference agreed with the World Bank, a mid-term evaluation report including a review of progress achieved in all components (results evaluation), and review the effectiveness of the project, cost-effectiveness, implementation of the participatory methodology, alignment of the project with actual government policies, Bank project supervision performance, as well as all intermediate outcome monitoring indicators;
 - b. The mid-term evaluation will also include a limited beneficiary assessment (project beneficiaries, partners, Government) through a rapid appraisal survey or using focus groups; and
 - c. The evaluation report will make recommendations for further project implementation.
- (iii) End-of-project evaluation
 - a. As is the case for the mid-term evaluation, the PMU will recruit a consultant (firm) to prepare, under terms of reference agreed with the World Bank, an end-of-project evaluation report including:
 - i. A review of the achievements in all components (results evaluation);
 - ii. A review of the effectiveness of the project;
 - iii. An evaluation of the cost-effectiveness of the project;
 - iv. An evaluation of the implementation of the participatory methodology;
 - v. An evaluation of the project impact on the basis of the outcome indicators and other relevant results; and
 - vi. An evaluation of the relevance of the Project within the government economic and social policies.
 - b. The independent evaluator will carry out a full beneficiary assessment of the project (by participants, partners, local, and central government) as well as an evaluation of the Bank's performance during preparation and implementation; and
 - c. The evaluator will also present lessons learned at the technical, financial, institutional, and natural resource management level.

80. Communication strategy. The PMU will need to define, from the project start, the communication strategy in terms of information to be provided to different partner institutions involved in project implementation. The PMU will need to establish a detailed list of all information recipients as well as their information needs. In addition to written reports, M&E results can be communicated during the workshops and meetings organized for project implementation and supervision.

Annex 4: Operational Risk Assessment Framework (ORAF)
MOROCCO: INTEGRATED COASTAL ZONE MANAGEMENT PROJECT
Stage:Board

Project Stakeholder Risks				
Stakeholder Risks	Rating: Low			
<p>Description : Morocco's engagement with the Bank is strong. The Government sees the Bank as a reliable partner and has requested Bank support in a broad range of sectors. The Bank works regularly with a range of stakeholders as part of its program in Morocco.</p> <p>On governance indicators, Morocco scores above average for "Voice and Accountability", indicating that stakeholder implication in the country's development is satisfactory</p>	Risk Management: None deemed necessary.			
Implementing Agency (IA) Risks				
Capacity	Rating: Substantial			
<p>Description : The MEMWE is designated as the Agency to implement project activities and to host the PMU. There are procedures of the World Bank for MEMWE to learn because of lack of previous Bank project experiences.</p> <p>The MEMWE may encounter difficulties in coordinating with larger, older, and more prestigious ministries.</p>	Risk Management :			
	i) MEMWE has entered into implementation conventions with other project participating agencies in view of specifying respective implementation responsibilities.			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
	ii) Support of MAGG and MEF is available through the government structure for implementation and coordination problems through the Technical Coordination Committee; and			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
iii) Training for procurement and FM for DE is on-going based on the capacity assessment undertaken by the team's procurement Specialist.				
	Resp: Bank	Stage: Implementation	Due Date : Ongoing	Status: In progress
Governance	Rating: Moderate			
<p>Description : The MEMWE's oversight process is generally good for the project implementation.</p> <p>The MEMWE is selected as the Agency to host the PMU for project implementation because: i) they are the coordinating agency for the ICZM; and ii) the unit which was responsible for the project showed a great interest.</p>	Risk Management :			
	Given the MAGG's mandate, it will work to help the MEMWE to oversee the project implementation.			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress

Project Risks				
Design	Rating: Low			
<p>Description : It is difficult for Morocco to implement an ICZM approach in a comprehensive manner. The approach the team suggested is to pilot the approach at the provincial and local levels. The project also has the flexibility to adjust if necessary.</p> <p>To address the key gap which is sustainable conservation and management of coastal resources, the Project is to test the ICZM method - co-management intended to link conservation and use and improve the livelihoods of local people</p>	Risk Management : i) Where possible, activities and coastal resources will be managed through local cooperatives with the assistance of the project.			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
	ii) The project will have the ability to adjust because of the proposed pilot and decentralized approach, and the ability to reallocate funds between activities.			
	Resp: Government and Bank	Stage: Implementation	Due Date : Ongoing	Status: In progress
Social & Environmental	Rating: Moderate			
<p>Description : Generally speaking, Morocco has adequate standards for environment as the WB has used country system for Morocco.</p> <p>The project will focus on helping the provincial governments and local people better manage their coastal resources and make a direct linkage between conservation of coastal resources and economic benefits. Low risks are expected from environment perspectives. However, potentially regulated access to certain protected areas may have social implications.</p> <p>An environmental and social impact assessment has been carried out by the client.</p> <p>Activities involving involuntary resettlement will not be financed under this project. Any activity involving lands will only be carried out on public lands from which resettlement is not required or on private lands where voluntary participation of the landholder is documented in writing. The project will not involve involuntary land taking resulting in relocation or loss of shelter; loss of assets or access to assets; or loss of income sources or means of livelihood (whether or not the affected person needs to move to another location).</p>	Risk Management : i) Co-management of resources in protected areas between government and cooperatives of local resource users will have a protective effect on the resource and on environmental quality. Shared responsibility between government and users will favour greater transparency and better conservation of the resource, leading to stronger support of local livelihoods;			
	ii) The MEMWE will develop a consultation plan and strategy to make sure that open and transparent consultations will take place;			
	iii) Due to inexperience with the implementation of World Bank projects, some weakness has been identified in the capacity of the PMU to monitor and evaluate project activities, and to implement the ESMP. Accordingly, the Grant will finance a portion of the cost of a Program Coordinator, a consultant and member of the PMU among whose responsibilities will be the execution of all environmental and social safeguards functions, including the implementation of the ESMP. In addition, the Grant will finance a portion of the cost of a Monitoring and Evaluation Specialist, a consultant and member of the PMU whose responsibility will encompass implementing the M&E system for the project, including such aspects of M&E pertaining to safeguards and the ESMP; and			
	iv) The project activities will take place only on public lands from which resettlement is not required or on private lands where voluntary participation of the landholder is documented in writing.			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
Program & Donor	Rating: Low			
Description : Bank systems will be used. The project is embedded within a few recently completed projects (financed by other donors) and Government programs in Nador and Moulouya.	Risk Management : None required.			
Delivery Monitoring & Sustainability	Rating: Moderate			
Description : Effective M&E: ICZM is supposed to use a cross cutting	Risk Management : i) assign responsibility at each level for data collection and entry into the system;			

<p>approach covering different sectors. This may make monitoring difficult at local levels.</p> <p>The project is designed to strengthen the institutional capacity to use ICZM approach while piloting improved conservation and livelihood at four project sites. There is a risk of not being able to replicate this ICZM approach after the project completion.</p>	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
	ii) Public awareness and training for local people; and			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
	iii) Use the draft ICZM law as the policy framework for M&E and once the law has been passed, the project practice would become a model.			
	Resp: Government	Stage: Implementation	Due Date : Ongoing	Status: In progress
Overall Risk				
Implementation Risk	Rating: Moderate			

Annex 5: Implementation Support Plan

MOROCCO: INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

Strategy and Approach for Implementation Support

1. The strategy for implementation support (IS) has been developed based on the nature of the project and its risk profile. It aims at making implementation support to the client more flexible and efficient, and will focus on implementation of the risk mitigation measures defined in the ORAF.

2. **Procurement.** Implementation support will include: (a) providing training to members of the procurement-related staff of the PMU (central and regional offices); (b) reviewing procurement documents and providing timely feedback to the PMU; (c) providing detailed guidance on Bank Procurement Guidelines to the PMU; and (d) monitoring procurement progress against the detailed Procurement Plan.

3. **Financial management.** Supervision will review the project's financial management system, including, but not limited to, accounting, reporting, and internal controls. Supervision will also cover specific activities on a random sample basis. The World Bank team will also work with the PMU to assist in improving coordination among different ministries and units for financial management and reporting.

4. **Environmental and Social Safeguards.** The World Bank team will supervise the implementation of the agreed Environmental and Social Management Plan and provide guidance to the PMU to address any issues.

5. **Other Issues.** Sector-level risks, such as proper coordination, will be addressed through dialogue with the Government and PMU.

Implementation Support Plan

6. The WB team members will be based in the headquarters office and the Morocco country office to ensure timely, efficient, and effective implementation support to the client. Formal supervision and field visits will be carried out semi-annually. Detailed inputs from the Bank team are outlined below:

- (a) **Technical inputs.** Technical supervision is required to ensure technical contractual obligations are met. The team will conduct site visits on a semi-annual basis throughout project implementation.

- (b) **Fiduciary requirements and inputs.** Training will be provided by the Bank's Financial Management Specialist and the Procurement Specialist before the commencement of project implementation. The team will also help the DE identify capacity building needs to strengthen its M&E capacity and to provide further technical support as required to support the PMU during implementation. Both the Financial Management and the Procurement Specialist will be based in the country office to provide timely support. Formal supervision of financial management will be carried out semi-annually, while procurement supervision will be carried out on a timely basis as required by the client.
- (c) **Safeguards.** Inputs from an Environment Specialist and a Social Specialist are required. On one hand, this is the first WB project in which the DE has been involved, meaning that the PMU lacks familiarity with World Bank safeguards operational policies; on the other hand, the project relies on a community-driven and participatory approach. Field visits are required on a semi-annual basis.
- (d) **Operations.** The TTL, based at headquarters, will provide day-to-day supervision of all operational aspects, as well as coordination with the client and among WB team members.

Annex 6: Incremental Cost Analysis

MOROCCO: INTEGRATED COASTAL ZONE MANAGEMENT PROJECT

1. The Mediterranean coastal zone in Morocco is an economic engine of national economic growth. Being bound by the Large Marine Ecosystem (LME) of the Mediterranean, Morocco and other coastal countries face interlinked challenges of managing the resources of the Mediterranean Sea. To respond to the continued environmental challenges facing the Mediterranean countries, the Sustainable MED program takes the next step in addressing long-term, cooperative, regional management of the Mediterranean Sea by linking resource management to support for environmentally and socially sustainable economic development that recognizes the intrinsic value of biodiversity and ecologically sensitive areas.
2. This project fits within the “Sustainable MED” program that is supported by the GEF and implemented by the World Bank. Morocco and other countries that participate in Sustainable MED, have a shared vision that proper national stewardship over the coastal environment, and economic development therein, benefit not only the country implementing these strategies, but all other coastal countries of the Mediterranean Sea.
3. In this context, the project’s higher-level objective is to contribute to the sustainability of natural resources base in the Mediterranean region within the Sustainable MED program. This project will contribute to the regional effort in addressing the issues raised in the Trans-boundary Action Plan and priorities defined in the Strategic Action Programs. The project will thus facilitate the Government of Morocco in piloting an ICZM approach and in coordination with other countries in the region. The project will also help Morocco explore innovative methods and measures for the sustainable development of the coastal zone in a changing climate, a top priority given the challenges caused by climate variability: longer lasting droughts, more aggressive floods, higher temperatures, sea-level rise, and beach and soil erosion.
4. The objective of the project is to pilot the application of an integrated coastal zone management (ICZM) approach in the project area along the eastern Mediterranean coast of Morocco. ICZM implemented at local level by all users of the coastal resources will leverage rural pollution reduction and increase protection of biodiversity and ecologically sensitive areas.
5. Proposed key results include:
 - Number of approved local development plans that are revised to incorporate the ICZM approach; and
 - Promotion of biodiversity protection in Ramsar sites and the institution of a co-management approach for the area.
6. This Project consists of a set of activities under three project components: Component 1: Capacity Building and Institutional Strengthening to Incorporate the ICZM Approach into Local Development Planning; Component 2: Investments to Improve Coastal Resource Management and Livelihoods through Co-Management Approach; and Component 3: Project management and M&E. The Project financing is US\$5.18 million from GEF, with co-financing to be provided by the Government of Morocco (US\$20.00 million), including cash financing from the relevant sectors contribution.
7. Without GEF grant support, the following priorities identified by the national and local governments, as well as by local communities might not be implemented until it was too late to preserve all ecologically and culturally important sites in the coastal zone. Particular areas needed to be urgently addressed include: (a) incorporating ICZM approach into development planning with leverage of rural

pollution reduction and protection of biodiversity and ecologically sensitive areas; (b) more effective conservation of wetlands and other key environmental sensitive areas along the Mediterranean coasts; c) improving the effective use of key coastal zone natural resources, such as fisheries, land and water, by diversifying economic and livelihoods for local populations; d) strengthening reduction of waste and waste-water in the context of the National Sanitation Program in the Project Area; and e) addressing negative impacts created by climate variability to local communities and related coastal ecosystems. The GEF incremental support will make ICZM and climate change adaptation more of a reality and promote improved governance capacity, cross-sector coordination, and the budget available for demonstrative investments and environmental protection.

8. The proposed project is thus designed to provide innovative and working examples needed to catalyze the critical mass of investment needed to create sustainable growth in coastal provinces. For example, project pilots are designed so that they can be replicated along both the Mediterranean and Atlantic coasts of Morocco. Replication of successful project pilots may also take place in other countries in the region through knowledge dissemination under the support of the “Governance and Knowledge Generation project” which is part of the Mediterranean Sustainable Development Program (Sustainable MED). The proposed project also provides incremental input into several national and donor funded programs and projects.

9. Incremental cost analysis requires that a baseline “without GEF” scenario be determined and that its cost be compared to a “with GEF” scenario. The difference in design between the GEF and non-GEF alternatives is that the GEF scenario incurs incremental costs to address global externalities.

10. A qualitative analysis of the costs and benefits of the Project activities below consists of an attempt to separate a baseline set of activities, which would be carried out independently of the availability of GEF resources, and then an additional set of activities that are contained in the proposed Project. These are the incremental activities whose costs and benefits need to be compared with those of the baseline. The analyses are separated according to the Project’s components, and for each component with reference to the respective sets of activities.

Incremental Cost Analysis

Activity	Baseline	GEF Alternative	Global Benefits	Incremental Costs (US\$)
Component 1: Capacity building and institutional strengthening to incorporate the ICZM approach into local development planning				GEF alternative: 912,000 Incremental: 677,000 Co-financing: 235,000
1.1: promoting awareness of and building capacity in the application of the ICZM approach among key stakeholders including government and local communities through training workshops and public education campaigns	Management is based on sectors and there is little coordination in the provinces of Berkane, Nador and Driouch	The activities include: <ul style="list-style-type: none"> - training in terms of ICZM and climate change adaptation; - Training and raising awareness of coastal territory developers (policy makers and stakeholders) on the vulnerability of the coast to CC effects and the adaptation measures developed; - capacity building for co-management (how to set up associations and cooperatives; how to manage associations and cooperatives; etc.) and monitoring changes in the coastline; -coordinating and sharing knowledge among the project's various partner agencies, including through IW-LEARN 	Strengthened ecosystems conservation and management along the Mediterranean coast. Increased resilience of ecosystems to CC along the Mediterranean coast.	
1.2. Institutional capacity building to mainstream ICZM approach at provincial level	Specific Permanent Coastal Commissions exist on paper at the provinces of Berkane, Nador and Driouch	<ul style="list-style-type: none"> - making functional the Specific Permanent Coastal Commissions as the mechanism to coordinate different sectors to apply ICZM; - organization of workshops to help the Specific Permanent Coastal Commissions coordinate among different sectors, including ICZM 	Better management of coastal ecosystems and resources.	

		and adaptation to CC.		
1.3: piloting of spatial development planning and including ICZM into the communal development plans.		<ul style="list-style-type: none"> - providing technical assistance (expertise) to the municipalities and rural communes to help them use the spatial planning; - providing training and technical assistance to help them incorporate ICZM into in the 6 Communal Development Plans. 	This will help local communities to take into consideration the limited capacity of nature and help better management (reduction of pollution, conservation of wetlands, related ecosystems).	
Component 2: Investments to improve coastal resource management and livelihoods through co-management approach				GEF alternative: 23,259,000 Incremental: 4,119,000 Co-financing: 19,140,000
2.1: Improved conservation and management of sensitive coastal areas	Ramsar sites are designated.	<p>The project will support conservation and restoration of key coastal ecosystems/areas (dunes, Ramsar sites). Activities include:</p> <ul style="list-style-type: none"> -Preparation of a public awareness action plan for the conservation of the Moulouya SBEI; -Rehabilitating and restoring degraded wetland ecosystems and coastal dunes at the Moulouya estuary. 	Improved conservation of Ramsar sites at Moulouya.	
2.2: Improved fisheries management	Some studies on artificial reefs and algae and tests have been started.	<p>The Project will help pilot different types of win-win models for management of the protected fishery area for conservation and economic revenues. The activities include:</p> <ul style="list-style-type: none"> - studying and installing one artificial reef between Boudinar and Saidia; -studying the feasibility of 	Fisheries are better managed because local people increase revenue through alternative livelihoods and more sustainable fisheries.	

		<p>algae cultivation and development of a pilot algae farm, along with associated value-added activities in the community;</p> <p>-designing and testing small shellfish farming project for the benefit of a cooperative of local fishermen.</p>		
2.3: Soil and water conservation and income-generating activity	The project will be undertaken based on Maroc Plan Vert at Saidia Ras El Ma, Beni Chiker, and Boudinar	<p>The project will support those activities that use less water while generating revenues, and/or making local people less vulnerable to natural disasters. The activities will also include the promotion of good practices on controlling agricultural pollution. The planned activities concern:</p> <p>(a) soil and water conservation measures (e.g. terrace construction or rehabilitation, fruit tree planting, small physical works to facilitate water infiltration and reduce runoff and erosion; and</p> <p>(b) promotion of apiculture by supplying local women's groups with materials and technical assistance.</p>	Land degradation reduced; fresh water use reduced for agriculture; related coastal ecosystems better protected.	
2.4: Promotion of ecotourism		<p>This sub-component will include:</p> <p>(a) a feasibility study on ecotourism;</p> <p>(b) the rehabilitation and furnishing of six small-scale tourist lodges, including adapted equipment of solid waste and waste-water in locations based on the results of the feasibility study; and</p> <p>(c) training of tour operators and promotion of sustainable tourism</p>	Better conserved coastal resources, including wetlands because they are assets for tourism and biodiversity. Pollution reduced out of better education, better coordination among different sectors, and better organization.	

		activities, including raising awareness on effective waste and waste-water resulting from the activity		
Component 3: Project management and M&E				GEF alternative: 1,009,000 Incremental: 384,000 Co-financing: 625,000
Operation of the PMU.	Focus of M&E and Knowledge production	<p>The objective of this component is to ensure adequate management and coordination of Project activities by supporting capacity building within, and activities of, the PMU. This component will finance incremental operating costs needed for:</p> <p>(a) the operation of the PMU; and</p> <p>(b) project monitoring and evaluation.</p>	<p>Common knowledge strengthened and stronger focus on Mediterranean pollution in knowledge production.</p> <p>Good practices of ICZM scaled up.</p>	
TOTAL				GEF: 5,180,000 Co-financing: 20,000,000