

Signing of Loan Agreement with Morocco: Contributing to economic growth and social stability by promoting inclusive agriculture

On March 4, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of Morocco in Rabat, the capital city, to provide up to 16.347 billion yen for the Green Morocco Plan Support Program.

In Morocco, the agriculture sector is vital to its economy, accounting for 13 percent of the gross domestic product (GDP) and 11 percent of exports, and employing one quarter of the working population (approximately three million people). Since most family households in the sector are small-scale farmers dependent on rainwater for water, unstable weather such as a drought can easily lower the yearly production by half, significantly affecting the GDP growth rate as well. Moreover, there is a huge income disparity in Morocco between people in rural and urban areas, and three out of four people in poverty live in rural agricultural villages. Under these circumstances, promoting inclusive agriculture development while creating employing in rural agricultural villages is a priority.

In order to address these challenges, the Government of Morocco has been implementing the "Green Morocco Plan" which has a target year of 2020. Its two policy objectives are: (I) Developing high value-added and highly productive agriculture through agricultural modernization, and (II) Integrating small-scale farming households in the existing economic systems.

In order to promote this second policy objective, JICA will provide a policy-based program loan in the form of general budget support. The ODA loan will be disbursed when the policy actions related to "sustainable growth in the agricultural sector" and "value chain strengthening and inclusive development for the agricultural sector", of the Government of Morocco, are confirmed as achieved. By providing support for those actions, JICA aims to facilitate inclusive agriculture development that encourages youth, women and small-scale farmers to participate in the economy, so as to ensure sustainable economic growth and social stability in Morocco. This program is cofinanced by the African Development Bank, based on the Accelerated Co-Financing Scheme for Africa.

JICA has provided other support to the agricultural sector in Morocco, such as ODA loans for the National Agricultural Credit Project and the Abda-Doukkala Upper Scheme Irrigation Project, grant aid, and technical cooperation projects, and has also dispatched volunteers to Morocco. Currently, a technical cooperation project, the Project for Improvement of Irrigation System at the Abda Doukkala Irrigated Area, is being implemented to support the extension of the drip irrigation method. This program's policy actions include approval of the "Manual for Reducing Water Consumption and Capacity Strengthening for Agricultural Water Use Cooperatives," which is as an outcome of the project. As such, JICA will strategically utilize multiple types of assistance to promote agricultural sector reform in Morocco.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Green Morocco Plan Support Program	16,347	0.25	—	30	10	—

2. Executing Agency

Department of Agriculture, the Ministry of Agriculture and Maritime Fishery
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3. Planned Implementation Schedule

- (1) Completion of project: December 2016 – with completion of the loan disbursement
- (2) Consulting services: N.A.
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction: N.A.



Exchange of signature between Mr. Tojima, Chief Representative of JICA Morocco Office, and Mr. Bousaid, the Minister of Economy and Finance



Group Photo