Office (see the section of this notice titled **ADDRESSES**). The additional materials must clearly identify your electronic comments by your name, date, and the docket number so the Agency can attach them to your comments.

Because of security procedures, the use of regular mail may cause a significant delay in the receipt of comments. For information about security procedures concerning the delivery of materials by hand, express delivery, messenger, or courier service, please contact the OSHA Docket Office at (202) 693–2350 (TTY (877) 889–5627).

Comments and submissions are posted without change at *http://www.regulations.gov*. Therefore, OSHA cautions commenters about submitting personal information such as social security numbers and date of birth. Although all submissions are listed in the *http://www.regulations.gov* index, some information (e.g., copyrighted material) is not publicly available to read or download through this Web site. All submissions, including copyrighted material, are available for inspection and copying at the OSHA Docket Office. Information on using the *http://www.regulations.gov* Web site to submit comments and access the docket is available at the Web site's ''User Tips'' link. Contact the OSHA Docket Office for information about materials not available through the Web site, and for assistance in using the Internet to locate docket submissions.

V. Authority and Signature

Edwin G. Foulke, Jr., Assistant Secretary of Labor for Occupational Safety and Health, directed the preparation of this notice. The authority for this notice is the Paperwork Reduction Act of 1995 (44 U.S.C. 3506 *et seq.*) and Secretary of Labor's Order No. 5–2002 (67 FR 65008).

Signed at Washington, DC, on September 11, 2007.

Edwin G. Foulke, Jr.,

Assistant Secretary of Labor for Occupational Safety and Health.

[FR Doc. E7–18207 Filed 9–14–07; 8:45 am]

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MILLENNIUM CHALLENGE CORPORATION

[MCC FR 07–10]

Notice of Entering Into a Compact With the Government of the Kingdom of Morocco

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: In accordance with Section 610(b)(2) of the Millennium Challenge Act of 2003 (Pub. L. 108–199, Division D), the Millennium Challenge Corporation (MCC) is publishing a summary and the complete text of the Millennium Challenge Compact between the United States of America, acting through the Millennium Challenge Corporation, and the Government of the Kingdom of Morocco. Representatives of the United States Government and the Government of the Kingdom of Morocco executed the Compact documents on August 31, 2007.

Dated: September 12, 2007.

William G. Anderson, Jr.,

Vice President & General Counsel, Millennium Challenge Corporation.

Summary of Millennium Challenge Compact With the Government of the Kingdom of Morocco

A. Introduction

Over the past three decades, the Moroccan economy has grown slowly—from 1980 to 2006, per capita incomes only grew 1.5% annually. Despite recent macroeconomic stability, slow growth has left unemployment consistently high and extreme poverty remains around 11%.

In this context, the Government (the ''GoM'') of the Kingdom of Morocco (''Morocco'') launched a national growth strategy, the Plan Emergence, in 2005, which aims to ''modernize and strengthen existing industrial sectors, and target investments in sectors such as textiles, agribusiness, fishing and the crafts industries, where the country has domestic and international competitive advantage.'' As a complement to this strategy and to ensure that the poor benefit from growth in high potential sectors, the GoM has proposed a Millennium Challenge Account investment program (the ''Program''), the funding of which will be memorialized in a Millennium Challenge Compact (the ''Compact''), that seeks to stimulate economic growth by increasing productivity and improving employment in high potential sectors.

B. Program Overview and Budget

1. Goal and Objectives

The goal of Morocco's proposed $697.5 million Compact is to reduce poverty through economic growth. The Program's objective is to stimulate economic growth by increasing productivity and improving employment in high potential sectors. The Program focuses on investments in fruit tree productivity, small-scale fisheries, and artisan crafts in order to modernize and unlock opportunities in these sectors. Small business creation and growth will be supported by investments in financial services and enterprise support. The Program budget is summarized in the table below:

Project USD millions	CIF[1]	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
Fruit Tree Productivity	6.96	25.86	84.32	93.86	60.80	29.10	300.90
Small-Scale Fisheries	7.01	35.45	35.80	33.43	2.25	2.23	116.17
Artisan & Fez Medina	6.14	15.88	32.88	24.57	19.07	13.34	111.87
Financial Services	0.50	19.30	14.10	6.70	4.30	1.30	46.20
Enterprise Support	0.00	2.18	1.08	10.29	15.28	5.02	33.85
Monitoring and Evaluation	1.84	3.67	4.04	3.64	3.03	4.52	20.74
Program Admin/Oversight	9.95	13.13	11.79	12.18	10.73	9.98	67.77
Total MCC Contribution	32.40	115.46	184.01	184.67	115.45	65.50	697.50

[1] Compact Implementation Funding (CIF) provided pursuant to Section 609(g) of the Millennium Challenge Act of 2003. CIF will be used prior to entry into force of the Compact for feasibility and design studies, environmental assessments and plans, monitoring and evaluation activities and certain other administrative expenses and start-up costs.

C. Program Description

1. Fruit Tree Productivity Project ($300.90 million)

The objective of the Fruit Tree Productivity Project is to stimulate growth in the agricultural sector and reduce volatility of agricultural production. This project aims to (1) reduce water needs in agriculture by moving from high water-use, low-value cereal grains to low water-use, high-value commercial fruit tree species; (2) reduce volatility in agricultural production and farm revenues by expanding the area of commercial tree species that produce more stable yields and can better handle moisture stress; (3) protect the natural resource base by eliminating wheat production from hillsides, replacing it with trees that reduce erosion and conserve the soil; (4) replace wheat, where Morocco is not competitive on the international market, with commercial tree crops, where it has a natural competitive advantage; and (5) organize and link small-holders to high-value markets.

This project's investments target the length of the value chain, with the majority of the proposed project's activities supporting the growth of the olive oil and table olive sectors. This project will fund the intensification and rehabilitation of approximately 55,000 hectares (ha) of olive, fig and almond trees and the expansion of the same crops on approximately 120,000 ha in rain-fed areas. It will support the intensification and rehabilitation of existing olive tree production in small- and medium-sized irrigated perimeters. In Morocco's oases, this project will support the upgrading of existing small-scale irrigation infrastructure, as well as intensification and rehabilitation of existing date trees. A variety of critical value chain support services have been designed to ensure the success and integration of the various activities, and include training, scientific support, agribusiness organization development, marketing support and gender integration and support for women's projects. MCC funding will help determine this project's potential to qualify for carbon offset credits, recommend actions that stakeholders should take to link into the carbon finance market, and develop guidelines for the selected approach and procedures that must be instituted.

2. Small-Scale Fisheries Project ($116.17 million)

Total annual value-at-landing of Morocco's fish catch is about $832 million, making fishing one of the most important industries in the country. Despite this volume, Morocco is unable to satisfy current domestic demand for quality fish. Demand is expected to increase, driven by an expanding tourist sector and expected growth in domestic fish consumption, which is currently well below Morocco's neighbors. Due to inadequate coastal landing sites and port infrastructure, lack of unbroken cold chain from sea to consumer, weak integrity of the value chain, limited access to open markets, and insufficient training for fishers and their cooperatives, small-scale fisheries remains the most undeveloped segment of Morocco's fishing sector.

The Small-Scale Fisheries Project targets the transformation of the small-scale fisheries sector by modernizing the means of catching, storing, and marketing fish, thereby improving the quality of the catch, maintaining the value chain, and increasing fishers' access to both local and export markets. MCC funding will be used to construct up to 20 fish landing sites (''PDAs'') along both coasts, and to construct or upgrade fishers' facilities in up to 13 major ports; build or rebuild up to 6 modern wholesale markets in selected cities and provide technical assistance and training required to ensure proper management; and to partially fund the acquisition of fresh-fish transportation equipment by mobile fish vendors, together with associated technical assistance and training.

3. Artisan and Fez Medina Project ($111.87 million)

The Artisan and Fez Medina Project seeks to stimulate economic growth by leveraging the links between the craft sector, tourism, and the Fez Medina's rich cultural, historic and architectural resources. Despite potentially rich offerings, tourist spending on artisan products is currently substantially lower than in comparable markets such as Turkey and Tunisia. Artisans lack the training and skills necessary to modernize their production and capitalize on the growing tourist industry and export market. MCC funding will strengthen the national system for literacy and vocational education to benefit artisans and the general population, in particular women and girls. MCC funding will be used to enable artisans to increase the quality of their goods by supporting access to training in modern production techniques and business management, as well as access to bank or microcredit loans to invest in modern kilns and workshops. MCC funding will support the renovation of historic sites within the Fez Medina, including feasibility and market studies, a design competition, and supporting infrastructure, with the goal of creating sites of architectural significance to better serve local residents, attract tourists and increase artisan sales in Fez.

4. Financial Services Project ($46.20 million)

The Financial Services Project seeks to increase financial services for micro-enterprises in Morocco by addressing the key constraints to the development of a broader, deeper, and market-based financial sector. To address the constraints in access to funding for microcredit associations, MCC funding will support an investment in the subordinated debt tranche of Jaida, a non-bank financial institution launched in late 2006 to provide debt to the Moroccan microcredit sector. MCC funding will also be used to analyze the regulatory and operational requirements to allow microcredit associations to change their legal structure (i.e., undergo ''transformation'') in order to offer savings and other non-credit financial services, as well as to mobilize shareholder equity. A detailed action plan will be developed and agreed to by the GoM, MCC and the accountable entity that will be established (''MCA–Morocco''), including the appropriate legal structure for transformation, next steps and timeline for implementing the necessary reforms. MCC funding will support technical assistance to financial institutions to implement the recommendations from this action plan. MCC funding will support investments and technical assistance to improve efficiency and transparency in the financial sector and lower borrowing costs on a sustainable basis for micro-enterprises.

5. Enterprise Support Project ($33.85 million)

The Enterprise Support Project addresses two economic priorities: To reduce high unemployment among young graduates and to encourage a more entrepreneurial culture. According to a recent World Bank report, urban unemployment ranges upwards of 26% for highly educated people, with unemployment rates of 65% among female university graduates under 24 years of age. High unemployment is associated with high job destruction rates, modest formal sector employment generation, and growing labor supply.

The objective of this project is to improve the outcomes of two existing high-priority Government initiatives, Moukawalati (which translates as ''My Small Business''), a relatively new national program initiated to drive

Morocco's businesses to be more competitive in the face of globalization and to address high youth unemployment rates, and the National Initiative for Human Development (''INDH''), a multi-year Government initiative aimed at creating opportunities for the poor, vulnerable, and socially excluded. A pilot approach is being pursued at the initiative of the GoM because of a dearth of quality evidence on the impact of current initiatives on the sustainability of small businesses. This project is structured in two phases. First, a set of three pilots will measure the impact of several training initiatives offered to current beneficiaries of these Government programs who would receive further training and technical assistance designed to increase their rate of survival. Second, if results reported by an independently conducted evaluation are promising, training initiatives will be expanded beginning in Year 3 of the Compact. In addition, the Government agency sponsors of the programs would receive support to help them better manage the selection and training processes for these entrepreneurs.

D. Impacts

The Program is expected to increase Morocco's GDP by approximately $118 million annually and to benefit approximately 600,000 people directly and 3 million people indirectly over the Compact term.

The Fruit Tree Productivity Project is expected to improve the livelihoods of approximately 136,000 farm households in rural areas of the northern, central and southern regions of Morocco. As production and crop values increase, this project will indirectly benefit the network of input suppliers, transporters, processors, and traders along the olive, almond, fig and date value chains. In addition, terrace construction is expected to create benefits for approximately 11,000 agricultural laborers.

The Small-Scale Fisheries Project is expected to benefit approximately 25,000 small-scale fishers, boat owners, wholesale fish merchants, mobile fish vendors and their household members. The construction of boat landing sites complete with basic, commercial and social infrastructure is expected to create the enabling environment for higher fish quality and value, increased income for fishers, and better management of the fish resources. Similar facilities will be built at selected ports where fishers land their catch. The construction and modernization of 6 wholesale markets, mostly in the interior of the country, will strengthen market integration and facilitate an increase in the number of buyers and sellers, and result in increased market-clearing quantities and a more efficient market price. It is anticipated that these improvements to the Moroccan fish market will result in increased domestic consumption of fish, rather than its use as low-value fish meal. Further, it is anticipated that investments to improve standards of hygiene, handling and preservation of fish in the cold chain will contribute to the maintenance of the value of fish and greater sales. Finally, a more efficient and transparent network of wholesale fish markets will contribute to the distribution of a more affordable protein source to the interior of the country where a high level of poverty exists. Approximately 2,000 mobile fish vendors, earning on average $2,250 per year, will benefit from this project. Mobile fish vendors will be able to increase the value and volume of fish sold as well as their marketing range. As a result, it is estimated that mobile fish vendor net incomes (once their loans are repaid) will increase approximately 62%, enabling the vendors to exit subsistence-level poverty.

The Artisan and Fez Medina Project seeks to stimulate economic growth by leveraging the links between the craft sector, tourism, and the Fez Medina's rich cultural, historic and architectural assets. It is expected that 50,000 master artisans will be trained in new design and production methods by the end of the Compact term. Thirty new career tracks will be created and installed in OFPPT schools that will diversify, expand and deepen competencies of students for better employment and incomes. Innovative mobile training programs are expected to reach at least 15,000 people during the Compact term. Approximately 3,250 artisan workers and 550 master artisans are expected to receive production assistance. This project's activities are expected to reduce poverty by stimulating the Medina's main industries, tourism and artisan production, and are estimated to directly benefit approximately 20,000 low-income workers in the Fez Medina.

The key beneficiaries of the Financial Services Project will be individuals or micro-enterprises that borrow from microcredit associations operating in Morocco. The intended impact of this project is to increase the supply of financial services for these clients. Furthermore, to the extent that this project causes investments that lead to service upgrades and helps microcredit associations improve efficiency, clients should benefit from better services, and either some additional increase in lending or reduction in borrowing costs. Today, the microcredit sector serves approximately 1.2 million clients. Assuming this project facilitates a net increase in the client growth rate of a quarter of one percent per year, and assuming that without this project the client growth rate is 30% per year, then there would be 43,000 additional clients by the end of the Compact term. If the net increase in growth is one percent per year, there would be 174,000 additional clients by the end of the Compact term.

During the pilot phases of the Enterprise Support Project, approximately 600 enterprises will receive training. The project will also analyze the regulatory and operational requirements to allow micro-credit associations to change their legal structure in order to offer savings and other non-credit financial services to their customers. MCC assistance will also support investments and technical assistance to improve efficiency and transparency in the financial sector in an effort to lower borrowing costs on a sustainable basis for micro-enterprises.

E. Program Management

1. Governance Structure

The implementation and management arrangements are designed to ensure strong governance, oversight, management, monitoring and evaluation, and fiscal accountability in the use of MCC funds. The Government, through passage of a law, will create an independent agency (an ''*établissement public*'') (''*MCA-Morocco*''), which will be authorized to act on behalf of the Government to manage and oversee the Program's implementation. MCA-Morocco will be composed of: (1) A strategic steering committee to oversee implementation, make strategic decisions, and ensure the execution of agreed policy reforms; (2) a management unit to manage the day-to-day operations. The strategic steering committee will be composed of representatives from the Government, the private sector and civil society. The management unit will be composed of professional staff hired through an open and competitive recruitment, and MCC will have approval rights for all key personnel.

Stakeholder participation will be built into the Program through a series of project-level stakeholders' committees structured to allow the private sector, civil society, and local/regional governments to provide advice and input for implementation.

2. Implementation Arrangements

The GoM and MCC have identified the principal ministries and public institutions that will serve as implementing entities. The current number of personnel in the implementing entities is insufficient to meet the demands of implementation of the Program. Implementation of the Fruit Tree Productivity, Small-Scale Fisheries, and Artisan and Fez Medina Projects will require the services of dedicated implementation teams to be established within the implementing entities for each project, with additional personnel to be contracted by MCA-Morocco dedicated to Compact-funded projects. The teams will be responsible for coordination of the activities of contractors, to achieve project objectives and timelines; development of Compact-related requirements (work plans, detailed financial plans, and quarterly reports), procurement (drafting terms of reference), and performance monitoring of contractors. The teams will be located within the implementing ministries or public institutions to ensure local capacity development and to guarantee close collaboration and communications.

It is expected that MCA-Morocco will engage up to five procurement agents from within the GoM, assisted by an MCC-funded procurement advisor that will provide support, oversight and technical assistance. The procurement advisor will act as procurement agent in areas where such services are required. The Ministry of Finance will serve as the fiscal agent for the Program, assisted by a ''fiscal coordination unit'' within the Ministry of Finance, charged with all financial issues, including regular reporting to MCA-Morocco on global and activity-specific budget concerns, and the maintenance and security of the financial management system. Reporting will be coordinated by the chief financial officer and procurement officer within MCA-Morocco.

Implementation schedules were developed in conjunction with the GoM, covering the start-up of the MCA-Morocco and execution of each project over the entire Compact period. This will facilitate communication and Program oversight by allowing MCA-Morocco and MCC to work off of one common timetable. Approximately five percent of the total Compact amount will be available for disbursements before entry into force to facilitate start-up and ensure successful execution of the Compact within the five-year timeframe.

F. Assessment

1. Economic Analysis

The economic rate of return (''ERR'') for the Program is 17.1%. Project-level ERRs are presented in the table below:

Project	Project ERR %
Fruit Tree Productivity	13
Small-Scale Fisheries	37
Artisan and Fez Medina	21
Financial Services	18
Enterprise Support	14
Program Economic Rate of Return	17.1

2. Consultative Process

The Program is based on development priorities determined in national consultations that began in 2003 and included 56 provincial, 16 regional, one national and one international workshop. The GoM integrated this input with the opportunities identified through the *Plan Emergence*. To determine priorities for MCC financing, an inter-ministerial committee, presided by the Prime Minister, consulted with stakeholders at both the central and local levels. The August 2005 concept paper submitted to MCC was based on these consultations.

At MCC's request during subsequent stages of proposal development, sector-level and national meetings refined the focus of the Program and identified additional proposal components. Sector-level meetings in fishing, agriculture, and the artisan sector followed in six key regions of the country and consultation meetings were held with the country's twelve microcredit associations. The Enterprise Support Project was shaped in the September 2005 conference on employment and the 2006 national conference on training, both of which featured ministerial and local government consultations with key actors.

Morocco continues to develop a culture of consultation and transparency. The significant participatory workshops and public outreach efforts that will be required by MCC during environmental and social impact assessments and detailed project design and implementation will reinforce this culture and contribute to further expansion of dialogue among an array of national and local stakeholders.

G. Donor Coordination

Much of the Program draws on lessons learned from smaller donor-funded projects in the targeted sectors. The Fruit Tree Productivity Project builds on experiences of the United States Agency for International Development in supporting conversion to higher value crop production as well as the European Union (''EU'') and the World Bank in supporting small-scale irrigation. Similarly, the Japanese and Italian governments have supported GoM efforts to increase returns to the small-scale fisheries sector by supporting PDAs. In addition, the Enterprise Support Project was based in part on lessons learned from EU and GTZ projects aimed at supporting the small business sector in Morocco.

MCC's funding will complement on-going efforts by Morocco's other development partners across several projects. The Artisan and Fez Medina Project will support efforts by UNESCO and the World Bank to preserve and stimulate economic activity in the Medina and leverage the funding provided by FODEP, an environmental fund financed with German assistance. The Financial Services Project seeks to support an investment in Jaida alongside KfW, AFD and the IFC.

Continued coordination will be a priority throughout implementation.

Millennium Challenge Compact Between the United States of America Acting Through the Millennium Challenge Corporation and the Government of the Kingdom of Morocco

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Millennium Challenge Compact

Preamble

This Millennium Challenge Compact (this ''Compact'') is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (''MCC''), and the Government (the ''Government'') of the Kingdom of Morocco (''Morocco'') (individually a ''Party'' and collectively, the ''Parties'').

Recalling that the Government submitted to MCC a proposal based on development priorities determined in national and regional consultations and integrated with the national growth strategy (including, inter alia, the Plan Emergence), which seeks to stimulate economic growth by increasing productivity and improving employment in high potential sectors; and

Recognizing that MCC wishes to help Morocco implement a program to achieve the goal and objectives described herein (the ''Program'');

The Parties hereby agree as follows:

Article 1. Goal and Objectives

Section 1.1 Compact Goal

The goal of this Compact is to reduce poverty in Morocco through economic growth (the ''Compact Goal'').

Section 1.2 Program Objective

The objective of the Program is to stimulate economic growth by increasing productivity and improving employment in high potential sectors (the ''Program Objective'').

Section 1.3 Project Objectives

The objectives of the Projects (each, a ''Project Objective'' and collectively, the ''Project Objectives'') are:

(a) To stimulate growth in the agricultural sector and reduce volatility of agricultural production by accelerating the transformation from annual crops, notably cereals, to more productive perennial tree crops, such as olives, almonds, figs and dates;

(b) to transform the small-scale fishing sector by modernizing the means of catching, storing, and marketing fish to improve the quality of the catch, maintain the value chain and increase access to local and export markets, and to assure the sustainable use of fish resources;

(c) to increase value to the tourism and artisan sectors through leveraging the links between the craft sector and tourism; to expand the quality of and improve access to artisan, literacy and vocational training; and to increase the value of the cultural, historic and architectural resources of the Fez Medina;

(d) to increase financial services for micro-enterprises in Morocco by addressing the key constraints to the development of a broader, deeper, market-based financial sector; and

(e) to improve the outcomes of existing high priority government initiatives, Moukalawati and the National Initiative for Human Development (Initiative National pour le Développement Humain, or ''INDH'') increasing the sustainability of young businesses created with their assistance.

The Government will take all the steps necessary or appropriate to achieve the Program Objective and Project Objectives during the Compact Term (as defined in Section 7.4).

Article 2. Funding and Resources

Section 2.1 MCC Funding

MCC grants to the Government, under the terms of this Compact, an amount not to exceed Six Hundred Ninety-Seven Million, Five Hundred Thousand United States Dollars (US$697,500,000) (''MCC Funding'') to help the Government implement the Program as more specifically set forth in Annex II of this Compact.

Section 2.2 Compact Implementation Funding

(a) Of the total amount of MCC Funding, MCC will make available to the Government up to Thirty-Two Million, Four Hundred Thousand United States Dollars (US$32,400,000) (''Compact Implementation Funding'') under Section 609(g) of the Millennium Challenge Act of 2003 for:

(i) feasibility and design studies, strategic environmental (and social) assessments, environmental impact assessments, environmental assessments, environmental management plans and resettlement action plans for projects and activities included in the Program;

(ii) financial management and procurement activities;

(iii) monitoring and evaluation activities;

(iv) administration activities, including salaries and administrative support expenses such as rent, information technology, and other capital expenditures; and

(v) other Program implementation activities approved by MCC.

(b) Compact Implementation Funding is subject to (i) the limitations on the use or treatment of MCC Funding set forth in Sections 2.6 and 2.7 and (ii) any other requirements and limitations as may be notified to the Government by MCC in writing.

Section 2.3 Disbursement

In accordance with this Compact and the Program Implementation Agreement (as defined in Section 3.1), MCC will disburse MCC Funding for expenditures incurred pursuant to the Program (each, a ''Disbursement''). The Disbursements will be made available to the Government, at MCC's sole election, by (a) deposit to one or more bank accounts established by the Government and acceptable to MCC (each, a ''Permitted Account'') or (b) direct payment to a provider of goods, works or services required to implement the Program.

Section 2.4 Interest

The Government will pay to MCC interest and other earnings that accrue on MCC Funding on deposits in the Permitted Accounts in accordance with the Program Implementation Agreement (including by directing such payments to a bank account that MCC may from time to time indicate).

Section 2.5 Government Resources; Budget

(a) The Government will provide all funds and other resources, and will take all actions, that are necessary to carry out the Government's responsibilities and obligations under this Compact.

(b) The Government will use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each fiscal year is fully accounted for in its annual budget on a multi-year basis.

(c) The Government will not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the activities contemplated under this Compact and the Program or for activities comparable to those contemplated under this Compact or the Program.

(d) Unless the Government discloses otherwise to MCC in writing, MCC Funding will be in addition to the

resources that the Government would otherwise receive or budget for the activities contemplated under this Compact and the Program or for activities comparable to those contemplated under this Compact or the Program.

Section 2.6 Limitations on the Use of MCC Funding

The Government will ensure that MCC Funding will not be used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified by MCC to the Government in writing or posted on the MCC Web site at www.mcc.gov (''MCC Web site''), including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard as further described in environmental guidelines delivered by MCC to the Government or posted on the MCC Web site (the ''MCC Environmental Guidelines''); or

(d) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.7 Taxes

(a) Unless the Parties otherwise specifically agree in writing, the Government will ensure that each of the following is free from the payment of any existing or future taxes, duties, levies, contributions or other similar charges (''Taxes'') of or in Morocco (including any such Taxes of a national, regional, local or other governmental or taxing authority): (i) The Program; (ii) MCC Funding; (iii) interest or earnings on MCC Funding; (iv) any Project or activity implemented under the Program; (v) goods, works, services, technology and other assets and activities under the Program or any Project; (vi) persons and entities that provide such goods, works, services, technology and assets or perform such activities; and (vii) income, profits and payments with respect thereto. The Parties acknowledge and agree that the foregoing includes, inter alia, value added and other transfer taxes, profit and income taxes, property and ad valorem taxes, and import and export duties and taxes (including for goods imported and re-exported for personal use), withholding taxes and payroll taxes.

(b) Before any Disbursement, the Government and MCC may, at MCC's discretion, enter into one or more agreements setting forth the mechanisms for implementing this Section 2.7, including (i) waivers of certain filing and compliance requirements relating to Taxes, and (ii) an agreement on exceptions to paragraph (a) above for (1) Taxes on and contributions for certain individuals who are nationals or permanent residents of Morocco, (2) Taxes (other than transfer Taxes and import and export Taxes) on certain entities that are organized under the laws of Morocco, and (3) fees or charges for services that are generally applicable in Morocco, reasonable in amount and imposed on a non-discriminatory basis.

(c) If a Tax has been levied and paid contrary to the requirements of this Section 2.7 or any agreement entered into pursuant to this Section 2.7, whether inadvertently, due to the impracticality of implementation of this Section 2.7 with respect to certain types or amounts of taxes, or otherwise, the Government will refund promptly to MCC the amount of such Tax in United States Dollars (''US$'') or Moroccan Dirham (''MAD'') within thirty (30) days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing of such levy and tax payment, whether by MCC or otherwise; *provided, however,* that no MCC Funding, proceeds thereof or Program assets may be applied by the Government in satisfaction of its obligations under this paragraph.

Article 3. Implementation

Section 3.1 Program Implementation Agreement

The Government will implement the Program in accordance with this Compact and as further specified in an agreement to be entered into by MCC and the Government relating to, among other matters, implementation arrangements, fiscal accountability, disbursement and use of MCC Funding, procurement and applicable tax exemptions (the ''Program Implementation Agreement'' or ''PIA'').

Section 3.2 Government Responsibilities

(a) The Government has the principal responsibility to oversee and manage the implementation of the Program.

(b) With the prior written consent of MCC, the Government may designate an entity to implement some or all of the Government's obligations or to exercise any rights of the Government under this Compact or the PIA. Such a designation will not relieve the Government of any designated obligations and rights, for which the Government will retain full responsibility.

(c) The Government will ensure that no law or regulation in Morocco now or hereinafter in effect makes or will make unlawful or otherwise prevent or hinder the performance of any obligation under this Compact, the PIA or any other related agreement or any transaction contemplated hereby or thereby.

(d) The Government will ensure that any assets or services funded in whole or in part (directly or indirectly) by MCC Funding will be used solely to implement the Program unless otherwise agreed by MCC in writing.

Section 3.3 Policy Performance

In addition to undertaking the specific policy and legal reform commitments identified in Annex I of this Compact, the Government will seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the Millennium Challenge Act of 2003 and the selection criteria and methodology used by MCC.

Section 3.4 Government Assurances

The Government assures MCC that:

(a) As of the date this Compact is signed by the Government, the information provided to MCC by or on behalf of the Government in the course of reaching agreement with MCC on this Compact is true, correct and complete in all material respects;

(b) this Compact does not, and will not, conflict with any other international agreement or obligation of the Government or any legislation of Morocco; and

(c) the Government will not invoke any of the provisions of its internal law to justify or excuse a failure to perform its duties or responsibilities under this Compact.

Section 3.5 Implementation Letters

As necessary, MCC may provide guidance consistent with the terms and conditions of this Compact to the Government in writing on any matter relating to this Compact, MCC Funding or the implementation of the Program (each, an ''Implementation Letter''). The

Government will apply such guidance in implementing the Program.

Section 3.6 Procurement

The Government will ensure that the procurement of all goods, works and services by the Government or any Provider (as defined in Section 3.7(c)) to implement the Program will be consistent with the procurement guidelines notified by MCC to the Government in writing or by posting on the MCC Web site, or otherwise made publicly available (the ''MCC Program Procurement Guidelines''), which will include, among others, the following requirements:

(a) Open, fair, and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;

(b) solicitations for goods, works, and services must be based upon a clear and accurate description of the goods, works and services to be acquired;

(c) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(d) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, will be paid to procure goods, works and services.

Section 3.7 Records; Accounting; Covered Providers; Access

(a) Government Books and Records. The Government will maintain, and will use its best efforts to ensure that all Covered Providers (as defined in subsection (c) below) maintain, accounting books, records, documents and other evidence relating to the Program adequate to show to MCC's satisfaction the use of all MCC Funding (''Compact Records''). In addition, the Government will furnish or cause to be furnished to MCC upon its request all such Compact Records.

(b) Accounting. The Government will maintain, and will use its best efforts to ensure that all Covered Providers maintain, Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government's option and with MCC's prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (ii) then prevailing in Morocco. Compact Records must be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any statutory requirements.

(c) Providers and Covered Providers. Unless the Parties agree otherwise in writing, a ''Provider'' is (i) any entity of the Government that receives or uses MCC Funding or any other Program asset in carrying out activities to implement the Program or (ii) any third party that receives at least US$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term. A ''Covered Provider'' is (i) a non-United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US$300,000 or more of MCC Funding in any Government fiscal year or any other non-United States person or entity that receives, directly or indirectly, US$300,000 or more of MCC Funding from any Provider in such fiscal year, or (ii) any United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US$500,000 or more of MCC Funding in any Government fiscal year or any other United States person or entity that receives, directly or indirectly, US$500,000 or more of MCC Funding from any Provider in such fiscal year.

(d) Access. Upon MCC's request, the Government, at all reasonable times, will permit, or cause to be permitted, authorized representatives of MCC, an authorized United States inspector general, the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted pursuant to this Compact, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities and activities funded in whole or in part by MCC Funding.

Section 3.8 Audits; Reviews

(a) Government Audits. Except as the Parties may otherwise agree in writing, the Government will, on at least a semi-annual basis, conduct, or cause to be conducted, financial audits of all disbursements of MCC Funding through the end of the Compact Term, in accordance with the terms of the Program Implementation Agreement. As requested by MCC in writing, the Government will use, or cause to be used, to conduct such audits an auditor approved by MCC and named on the list of local auditors approved by the Inspector General of MCC (the ''Inspector General'') or a United States-based certified public accounting firm selected in accordance with the ''Guidelines for Financial Audits Contracted by MCA'' (the ''Audit Guidelines'') issued and revised from time to time by the Inspector General, which are posted on the MCC Web site. Audits will be performed in accordance with the Audit Guidelines and be subject to quality assurance oversight by the Inspector General. An audit must be completed and the audit report delivered to MCC no later than 90 days after the first period to be audited and no later than 90 days after each June 30 and December 31 thereafter, or such other period as the Parties may otherwise agree in writing.

(b) Audits of United States Entities. The Government will ensure that agreements between the Government or any Provider, on the one hand, and a United States nonprofit organization, on the other hand, that are financed with MCC Funding state that the United States nonprofit organization is subject to the applicable audit requirements contained in the United States Office of Management and Budget (''OMB'') Circular A–133. The Government will ensure that agreements between the Government or any Provider, on the one hand, and a United States for-profit Covered Provider, on the other hand, that are financed with MCC Funding state that the United States for-profit organization is subject to audit by the cognizant United States Government agency, unless the Government and MCC agree otherwise in writing.

(c) Corrective Actions. The Government will use its best efforts to ensure that Covered Providers take, where necessary, appropriate and timely corrective actions in response to audits, consider whether a Covered Provider's audit necessitates adjustment of the Government's records, and require each such Covered Provider to permit independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC will have the right to arrange for audits of the Government's use of MCC Funding.

(e) Cost of Audits, Reviews or Evaluations. MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact.

Article 4. Communications

Section 4.1 Communications

Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise agreed

by the Parties, in English. For this purpose, the address of each Party is set forth below.

To MCC:

Millennium Challenge Corporation, Attention: Vice President for Operations (with a copy to the Vice President and General Counsel), 875 Fifteenth Street, NW., Washington, DC 20005, United States of America, Facsimile: +1(202) 521–3700, Telephone: +1(202) 521–3600, E-mail: *VPOperations@mcc.gov* (Vice President for Operations), *VPGeneralCounsel@mcc.gov* (Vice President and General Counsel).

To the Government:

Government of the Kingdom of Morocco, Attention: Prime Minister (with a copy to the Minister of Finance), Primature, Palais Royal, Touarga, Rabat, Royaume du Maroc, Facsimile: +(212) 037 768 656, Telephone : +(212) 037 219 400, *E-mail: pm@pm.gov.ma.*

With a copy to:

Ministry of Finance & Privatization, Attn: Minister of Finance, Bd. Med V. Quartier AdministratifRabat—Chellah, Royaume du Maroc, Facsimile: +(212) 037.76.40.81, Telephone: +(212) 037.76.06.61/037.76.55.04, E-mail: *ministre@finances.gov.ma.*

Section 4.2 Representatives

For all purposes of this Compact, the Government will be represented by the individual holding the position of, or acting as, the Minister of Finance of the Government, and MCC will be represented by the individual holding the position of, or acting as, Vice President for Operations of MCC (each, a ''Principal Representative''), each of whom, by written notice to the other Party, may designate one or more additional representatives for all purposes other than signing amendments to this Compact. A Party may change its Principal Representative to a new representative that holds a position of equal or higher rank upon written notice to the other Party.

Section 4.3 Signatures

With respect to all documents other than this Compact or an amendment to this Compact, a signature delivered by facsimile or electronic mail will be binding on the Party delivering such signature to the same extent as an original signature would be.

Article 5. Termination; Suspension; Refunds

Section 5.1 Termination; Suspension

(a) Either Party may terminate this Compact in its entirety by giving the other Party thirty (30) days' written notice.

(b) MCC may, immediately upon written notice to the Government, suspend or terminate this Compact or MCC Funding, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC as a basis for suspension or termination (whether in writing to the Government or by posting on the MCC Web site) has occurred, which circumstances include but are not limited to the following:

(i) The Government fails to comply with its obligations under this Compact, the PIA or any other agreement or arrangement entered into by the Government in connection with this Compact or the Program;

(ii) an event or series of events has occurred that MCC determines makes it improbable that the Program Objective or any of the Project Objectives will be achieved during the Compact Term or that the Government will be able to perform its obligations under this Compact;

(iii) a use of MCC Funding or continued implementation of the Program violates or would violate applicable law or United States Government policy, whether now or hereafter in effect;

(iv) the Government or any other person or entity receiving MCC Funding or using assets financed in whole or in part with MCC Funding is engaged in activities that are contrary to the national security interests of the United States;

(v) an act has been committed or an omission or an event has occurred that would render Morocco ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of the Foreign Assistance Act of 1961 or any other provision of law;

(vi) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Morocco for assistance under the Millennium Challenge Act of 2003; and

(vii) the Government or another person or entity receiving MCC Funding or using assets financed in whole or in part with MCC Funding is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

(c) All Disbursements will cease upon expiration, suspension, or termination of this Compact; *provided, however,* MCC Funding may be used, in compliance with this Compact and the PIA, to pay for (i) reasonable expenditures for goods, works or services that are properly incurred under or in furtherance of the Program before expiration, suspension or termination of this Compact, and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program within 120 days after the expiration, suspension or termination of this Compact, as long as the request for such expenditures is submitted within ninety (90) days after such expiration, suspension or termination.

(d) Subject to subsection (c) of this Section 5.1, upon the expiration, suspension or termination of this Compact, (i) any amounts of MCC Funding not disbursed by MCC will be released from any obligation in connection with this Compact, and (ii) any amounts of MCC Funding disbursed by MCC but not committed under Section 2.3 before the expiration, suspension or termination of this Compact, plus accrued interest thereon, will be returned to MCC within thirty (30) days after the Government receives MCC's request for such return.

(e) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that the Government or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

Section 5.2 Refunds; Violation

(a) If any MCC Funding, any interest or earnings thereon, or any asset financed in whole or in part with MCC Funding is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to repay to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings, or asset, plus interest within thirty (30) days after the Government's receipt of MCC's request for repayment. The Government will not use MCC Funding, proceeds thereon or Program assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, MCC's right under this Section 5.2 for a refund will continue during the Compact Term and for a period of (i) five years thereafter or (ii) one year after MCC receives actual knowledge of such violation, whichever is later.

Section 5.3 Survival

The Government's responsibilities under Sections 2.4, 2.6, 2.7, 3.7, 3.8, 4.1, 5.1(c), 5.1(d), 5.2, 5.3 and 6.4 of this Compact will survive the expiration, suspension or termination of this Compact.

Article 6. Compact Annexes; Amendments; Governing Law

Section 6.1 Annexes

Each annex to this Compact constitutes an integral part of this Compact.

Section 6.2 Inconsistencies

In the event of any conflict or inconsistency between:

(a) Any annex to this Compact and any of Articles 1 through 7, such Articles 1 through 7 will prevail; or

(b) this Compact and any other agreement between the Parties regarding the Program, this Compact will prevail.

Section 6.3 Amendments

The Parties may amend this Compact only by a written agreement signed by the Principal Representatives and subject to the completion of the respective domestic requirements of the Parties.

Section 6.4 Governing Law

This Compact is an international agreement and is governed by the principles of international law.

Section 6.5 Additional Instruments

Any reference to activities, obligations or rights undertaken or existing under or in furtherance of this Compact or similar language will include activities, obligations and rights undertaken by, existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Web site

Any reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Web site will be deemed a reference to such document or information as updated or substituted on the MCC Web site from time to time.

Section 6.7 References to Laws, Regulations, Policies and Guidelines

Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a law, regulation, policy, guideline or similar document will, unless expressly set forth herein or therein, be construed as a reference to such law, regulation, policy, guidelines or similar document as it may, from time to time, be amended, revised, replaced, or extended and will include any law, regulation, policy, guidelines or similar document issued under or otherwise applicable or related to such law, regulation, policy, guidelines or similar document.

Article 7. Entry Into Force

Section 7.1 Domestic Requirements

Before this Compact enters into force, the Government will take all steps necessary to ensure that once in force (a) this Compact and the PIA and all of the provisions of this Compact and the PIA are valid and binding and are in full force and effect in Morocco, (b) this Compact and the PIA will be international agreements and (c) no internal law of Morocco may be invoked as justification for the Government's failure to perform any of its obligations under this Compact.

Section 7.2 Conditions Precedent to Entry into Force

Before this Compact enters into force:

(a) The Government and MCC will have executed the PIA, and it must be effective; and

(b) the Government will have delivered to MCC:

(i) a certificate signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, that the Government has satisfied the requirements of Section 7.1;

(ii) a legal opinion from the Secretariat General du Gouvernement of Morocco (or other entity acceptable to MCC), in form and substance satisfactory to MCC; and

(iii) complete, certified copies of all decrees, legislation, regulations or other governmental documents relating to the Government's domestic requirements for this Compact to enter into force and the satisfaction of Section 7.1, which MCC may post on its Web site or otherwise make publicly available.

Section 7.3 Date of Entry into Force

This Compact will enter into force on the later of (a) the date of the last letter in an exchange of letters between the Principal Representatives confirming that each Party has completed its domestic requirements for entry into force of this Compact, and (b) the date that all conditions set forth in Section 7.2 have been satisfied.

Section 7.4 Compact Term

This Compact will remain in force for five years after its entry into force, unless terminated earlier under Section 5.1 (the ''Compact Term'').

Section 7.5 Provisional Application

Upon signature of this Compact, the Parties will provisionally apply this Compact until it has entered into force in accordance with Section 7.3; provided that no MCC Funding, other than Compact Implementation Funding, will be made available or disbursed to the Government before this Compact enters into force.

In Witness Whereof, the undersigned, duly authorized by their respective governments, have signed this Compact this 31st day of August, 2007.

Done at Tetouan, Morocco

For Millennium Challenge Corporation, on behalf of the United States of America, Name: John J. Danilovich, *Title:* Chief Executive Officer.

For the Government of the Kingdom of Morocco, Name: Fathallah Oualalou, Title: Minister of Finance.

Annex I Program Description

A. Overview

This Annex I to this Compact describes the Program that MCC Funding will support in Morocco during the Compact Term.

1. Background and Consultative Process

Over the past three decades the Moroccan economy has grown slowly: From 1980 to 2006, per capita incomes grew 1.5 percent annually. While the macroeconomic environment in Morocco has improved in recent years, unemployment remains consistently high and extreme poverty remains near 11 percent.

The Program is based on development priorities determined in national consultations that began in 2003 and included 56 provincial, 16 regional, one national and one international workshop. The Government integrated this input with the opportunities identified through the Plan Emergence—a national growth strategy launched in 2005 to ''modernize and strengthen existing industrial sectors, and target investments in sectors such as textiles, agribusiness, fishing and the crafts industries, where the country has domestic and international competitive advantages.'' Priorities were determined through an inter-ministerial committee presided by the Prime Minister in consultation with stakeholders at both the national and local levels. Based on this consultative process, the Government submitted its initial proposal to MCC in August 2005.

At MCC's request, sector level and national consultations refined the focus of the Program and identified additional components. Sector level consultations in fishing, agriculture, and the artisan sector followed in six key regions of the country. The Government also consulted with the country's microcredit associations, followed by conferences on employment and

training, both of which featured ministerial and local government consultations with key actors.

2. Program Description

The Program Objective is to stimulate economic growth by increasing productivity and improving employment in high potential sectors. The Program includes the Fruit Tree Productivity Project, the Small-Scale Fisheries Project, the Artisan and Fez Medina Project, the Financial Services Project and the Enterprise Support Project (each, a ''Project'') and the activities related to the Projects (each, a ''Project Activity'') as described in this Annex I.

The Program is expected to increase Morocco's GDP by approximately US$118,000,000 annually and to benefit approximately 600,000 people directly and three million people indirectly over the Compact Term.

The Parties may agree to modify or eliminate any Project or Project Activity or to create a new Project or Project Activity by written agreement signed by the Principal Representative of each Party without amending this Compact; provided, however, any such modification or elimination of a Project or Project Activity or creation of a new Project or Project Activity does not (a) cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1 of this Compact, (b) cause the Government's responsibilities or contribution of resources to be less than specified in this Compact, or (c) extend the Compact Term.

3. Environmental and Social Accountability

All of the Projects will be implemented in compliance with the MCC Environmental Guidelines, MCC's guidance on the integration of gender in Program implementation delivered by MCC to the Government or posted on the MCC Web site (the ''MCC Gender Policy'') and the World Bank's Operational Policy on Involuntary Resettlement in effect as of July 2007 (''OP 4.12''). The Government will also ensure that the Projects comply with all national environmental laws and regulations, licenses and permits, except to the extent such compliance would be inconsistent with this Compact. The Government will: (a) Undertake and complete any strategic environmental (and social) assessments (''SEA''), environmental impact assessments (''EIA''), environmental assessments (''EA''), environmental management plans (''EMP'') and resettlement action plans (''RAP''), in form and substance satisfactory to MCC, and as required under the laws of Morocco, the MCC Environmental Guidelines, this Compact, the Program Implementation Agreement or other supplement agreement or as otherwise required by MCC; (b) implement to MCC's satisfaction environmental and social mitigation measures identified in such assessments or plans; and (c) commit to fund environmental mitigation, (including costs of resettlement) in excess of MCC Funding not specifically provided for in the budget for any Project.

B. Fruit Tree Productivity Project

1. Background

The Fruit Tree Productivity Project is designed to stimulate growth in the agricultural sector through transformation from extensive cropping of annuals, notably cereals, to more productive market-oriented cultivation of perennial tree crops (olives, almonds, figs, dates), based on sustainable management of soil and water resources and improved links to national and international markets.

2. Summary of Project and Activities

The Fruit Tree Productivity Project consists of the following Project Activities:

(a) Rain-fed Olive, Almond and Fig Tree Intensification and Expansion.

This Project Activity is focused on the intensification and rehabilitation of approximately 55,000 hectares (ha) of rain-fed fruit trees and the expansion of fruit tree production on approximately 120,000 ha. The objective is to increase and stabilize farm incomes in target areas by facilitating the shift to tree crops. Specifically, MCC Funding will support:

(i) Intensification and rehabilitation of existing olive, almond and fig orchards;

(ii) expansion of tree crops by converting hillsides planted with annual cereal crops to new high value, terraced, perennial olive, almond and fig orchards;

(iii) training and technical assistance for producers, their families and producer associations, focused on improved crop husbandry techniques; and

(iv) capacity development for farmer cooperatives in management, marketing, accounting, organization and access to financial services.

(b) Olive Tree Irrigation and Intensification.

This Project Activity supports the intensification and rehabilitation of existing olive tree production in small and medium-sized irrigated perimeters (petites et moyennes hydrauliques or, ''PMH''). The objective is to increase the efficiency of water use and other crop practices to enhance the yield and profitability of olive production in the target areas (approximately 25,600 ha within perimeters covering 47,000 ha). Specifically, MCC Funding will support:

(i) Irrigation infrastructure improvements of up to 65 PMH schemes, including: concrete lining of existing earthen canals; construction of diversion weirs, storage basins and pumping stations; works on springs; and repair of subsurface drainage canals;

(ii) technical and training assistance on improved crop husbandry techniques for producers, their families and producer associations;

(iii) assistance for existing agricultural water users associations (Associations des Usagers des Eaux Agricoles, or ''AUEA'') in operations, management and maintenance of irrigation water distribution systems; and

(iv) the creation, training and advisory support of farmer cooperatives and training in management, marketing, accounting, organization and access to financial services.

(c) Date Tree Irrigation and Intensification.

This Project Activity will support the upgrading of existing small-scale irrigation infrastructure and the intensification and rehabilitation of existing date tree cultivation in irrigated oasis perimeters (approximately 16,000 ha within perimeters covering 23,000 ha). The objective is to increase the efficiency of water use and other crop practices to enhance the yield and profitability of date production in the target areas. Specifically, MCC Funding will support:

(i) Irrigation infrastructure improvements of up to 12 irrigation schemes, including: concrete lining of existing earthen canals; construction of diversion weirs, storage basins and pumping stations; works on springs; and repair of subsurface drainage canals;

(ii) studies and remedial works agreed to by the Parties to control seepage from the saddle dam portion of the Hassan Addakhil Dam on the Ziz River;

(iii) rehabilitation of date trees, including the pruning, cleaning, and fertilizing of approximately 222,500 existing trees;

(iv) provision and transplanting of date plants, including approximately 282,500 disease-free in-vitro date plants and 60,000 selected offshoots from existing trees;

(v) technical and training assistance for producers, their families, and producer associations on improved crop husbandry techniques and the creation, training and advisory support of farmer

cooperatives in management, marketing, accounting, organization and access to financial services;

(vi) assistance for existing AUEAs in operations, management and maintenance of irrigation water distribution systems; and

(vii) advisory support and development of business plans for date grading, packing and cold storage facilities at secondary cooperatives.

(d) Fruit Tree Sector Services.

This Project Activity will support a variety of critical value chain support services to ensure the success and integration of the Project. Specifically, MCC Funding will support:

(i) A training needs assessment to develop a comprehensive training plan that will provide the basis for specific training activities;

(ii) the establishment, and initial operations of, a national scientific coordinating and advisory committee to guide, oversee and evaluate the applied research and scientific support associated with the Project;

(iii) agribusiness development to provide a market information system for olives and dates, a quality certification program for dates and olives, assistance to secondary date and olive processing-packing-marketing cooperatives, and support for professional associations;

(iv) market research and market planning for producer cooperatives and other beneficiary groups;

(v) a gender assessment and support for two to four pilot projects to integrate women into small business enterprises in the fruit tree sector; and

(vi) an assessment to determine whether and how Project beneficiaries can qualify for and benefit from carbon offset credits through tree planting activities.

3. Beneficiaries

The Fruit Tree Productivity Project is expected to improve the livelihoods of approximately 136,000 farm households in rural areas of the northern, central and southern regions of Morocco. Direct beneficiaries of the Rain-fed Olive, Almond and Fig Tree Intensification and Expansion Project Activity are estimated to be approximately 83,000 farm households. It is estimated that 20,000 farmers currently growing olive trees will rehabilitate and intensify approximately 27,500 ha of their orchards as a result of the Project and thus increase crop yields and quality. The Project will assist a second group of 16,350 farmers, who have no trees, to terrace approximately 43,000 ha of land and plant trees on hillsides currently dominated by cereal crops. Finally, Project Activities will involve both rehabilitation and expansion of tree crops by approximately 46,500 farmers growing some trees on approximately 104,500 ha. Productivity increases resulting from the Project are expected to lead, on average, to an increase in agricultural net revenue of 64 percent for farmers that are dependent on rain-fed agriculture compared with farmers who do not benefit from the Project.

For the Olive Tree Irrigation and Intensification Project Activity, as a result of increased supply of water and low water use crops, crop water deficits will be reduced and productivity will increase, leading to an average incremental increase in agricultural net revenue of 62 percent for approximately 33,000 direct beneficiaries.

For the Date Tree Irrigation and Intensification Project Activity, the rehabilitation of existing date palms and the provision of disease-free in-vitro plants and selected offshoots, coupled with reduced water stress through increased agricultural irrigation, are expected to result in an incremental increase in agricultural net revenue of 52 percent for 20,000 farmers.

As production and crop values increase, the Project will indirectly benefit the network of input suppliers, transporters, processors, and traders along the olive, almond, fig and date value chains. In addition, terrace construction is expected to create benefits for approximately 11,000 agricultural laborers.

4. Sustainability

Institutional Sustainability

The sustainability of the outcomes achieved by the Fruit Tree Productivity Project will depend upon the Ministry of Agriculture (''MOA''), the extension system, farmer cooperatives, AUEAs in the irrigated areas, and the beneficiaries. Along with research and training institutions, and a number of private firms, the MOA will be responsible for ensuring that the necessary farm advisory services to support beneficiaries after the Compact Term are in place. The Project will provide training to the MOA's central and provincial staff in new modes of operation and management. Technical assistance should be sufficient to enable farmer associations and other cooperatives to operate independently. The Government will ensure that AUEAs supported by the Project will commit to assuming responsibility for operation and maintenance of irrigation infrastructure financed by MCC. Technical support to AUEAs will strengthen their capacity to sustain maintenance after the Compact Term.

Financial Sustainability

Shifting producers out of low yield cereal crops in which Morocco has no comparative advantage, into tree crops for which both growing conditions and market conditions are favorable, is an important element in the financial sustainability of the Fruit Tree Productivity Project. The sustainable use of soil and water also affects financial sustainability. The Project includes training and technical support to enhance husbandry practices, and collective marketing to maximize the financial opportunity afforded by this shift in cropping system.

Environmental and Social Sustainability

The environmental and social sustainability of the Project is promoted by (a) improving the efficiency of irrigation water management, without increasing the volume of water harvested, (b) establishing ongoing monitoring of water and soil resources, (c) improving soil conservation through terracing and planting of perennial tree crops, in place of annual cereal crops, and (d) supporting integrated pest management, environmental impact assessment of olive oil processing, and the latest science-based farming technologies. Environmental and social analyses will include assessment of potential downstream effects of irrigation developments.

5. Environmental and Social Impacts

The Fruit Tree Productivity Project is classified as Category A and will be subject to SEAs, a consultative process and any required follow-on assessments.

The Government will conduct two SEAs, in form and substance acceptable to MCC, covering: rain-fed fruit tree intensification and expansion; and olive tree irrigation and intensification in PMH perimeters and date tree irrigation and intensification in oasis perimeters (including measures to address safety issues associated with the Hassan Addakhil Dam). Both SEAs will address issues relevant to the Fruit Tree Sector Services Project Activity and will include pest management plans (''PMP'') and HIV/AIDS awareness plans. The need for RAPs will be based on the recommendation of the SEAs. Based on the results of the SEAs, follow-on individual assessments (full EIA, limited assessment or site-specific EMP), as needed, will be prepared, acceptable to MCC, for each rain-fed perimeter, PMH perimeter, oasis perimeter or the Hassan Addakhil Dam improvements. The SEA will accelerate assessment of nursery production and terracing works for up to 30 selected

pilot rain-fed perimeters, to produce early draft EMPs for use in terms of reference for contracts to implement the works for these 30 perimeters. No planting or construction work will begin until after completion and acceptance of the SEA by MCC and the Government. MCC Funding will also support an environmental unit at the MOA to address impact assessment, monitoring and follow-up on EIAs, EAs, EMPs and RAPs.

6. Donor Coordination

In developing the Fruit Tree Productivity Project, MCC held numerous meetings with donors funding similar and complementary projects, including the World Bank, the European Union, the French development agency (Agence Française de Développement, or ''AFD''), the German development agency (Kreditanstalt für Wiederaufbau, or ''KfW'') and the United States Agency for International Development (''USAID'').

7. USAID

USAID currently funds a project to facilitate the switch to higher value crops, including linking olive oil producers to export opportunities. The Fruit Tree Productivity Project will scale up several of the USAID interventions, while building on lessons learned from previous projects.

8. Government Contribution

The Government will contribute US$2,880,000 to the Fruit Tree Sector Services Project Activity, as more specifically set forth in the Program Implementation Agreement. Provincial agricultural administrations (Directions Provinciales de l'Agriculture) will be responsible for the operation and maintenance of the main works on the PMH and oasis irrigation systems, essentially the diversion weirs and large canals. The Government will also fund the cost of the remedial measures agreed to by the Government and MCC for the saddle dam portion of the Hassan Addakhil Dam on the Ziz River above the US$5,000,000 to be financed by MCC Funding.

The Government will ensure that adequate financial resources are available to assist farmers participating in the Rain-fed Olive, Almond and Fig Tree Intensification and Expansion Project Activity.

9. Policy, Legal and Regulatory Reforms

In view of the chronic scarcity of water resources in Morocco, the Government will continue institutional reforms and initiatives aimed at sustainable water resource use and will ensure compliance with existing laws, including the following:

(a) Water Law 10–95, which introduced the principle of river basin integrated water development; and

(b) Law (Dahir 1–69–25) on agricultural investments.

The Government will also continue to support the water saving program, mainly in the irrigation sector in the Souss-Massa and Oum Er Rbia river basins, and the waste water treatment program in collaboration with the Ministry of Interior.

C. Small-Scale Fisheries Project

1. Background

The Small-Scale Fisheries Project targets the transformation of the small-scale fisheries sector by modernizing the means of catching, landing, storing, and marketing fish, thereby improving the quality of the catch, maintaining the value chain, and increasing fishers' access to both local and export markets.

2. Summary of Project and Activities

The Small-Scale Fisheries Project consists of the following Project Activities:

(a) Fish Landing Sites and Port Facilities

This Project Activity will construct fish landing sites (points de débarquement aménagés, or ''PDAs'') along both coasts of Morocco, and construct or upgrade port facilities in 13 major ports, in each case for the benefit of small-scale fishers. Specifically, MCC Funding will support:

(i) construction of up to 20 PDAs, including site development, auction hall, ice plant, fuel depot, and other essential buildings, as well as slipways, access roads, and utilities;

(ii) construction of improved port facilities at up to 13 urban ports, including small equipment storerooms and mechanics' workshops as well as provision of related boat-unloading infrastructure (floating docks, slipways and unloading winches);

(iii) technical and training assistance for small-scale fishers based at PDAs and ports on the conservation of marine resources and management of marine protected areas, more efficient navigation and fishing equipment, improved techniques to maintain hygiene and fish quality and safety at sea; advisory support for the creation and development of effective fisher's associations and cooperatives and training to enable fishers to access financial services; and a gender assessment and piloting of 4 to 8 projects to integrate women into small business enterprises associated with the small-scale fisheries sector; and

(iv) resource sustainability efforts to strengthen and expand the fish stock assessment, monitoring and preservations systems at PDA sites, including: (1) Design and establishment of a network of enforceable marine protected areas to preserve the fish resource and environment in connection with PDA sites and in collaboration with local fishing communities; (2) advisory support for studying and designing an Integrated Coastal Zone Management (''ICZM'') program linked to the marine protected areas in collaboration with relevant Government agencies, as well as the United States National Oceanographic and Atmospheric Administration; and (3) design, develop, test and evaluate boat ice chests to preserve fish quality and lighter fiberglass boats to lower fuel costs and reduce the use of scarce wood resources.

(b) Wholesale Fish Markets

This Project Activity will fund the construction or rehabilitation of up to six modern wholesale fish markets in selected cities. Specifically, MCC Funding will support:

(i) construction or rehabilitation of up to 6 wholesale fish markets in major cities (Marrakech, Meknes, Taza, Tetouan, Beni-Mellal, and Rabat); and

(ii) technical and training assistance to the National Office for the Fishing Sector (Office National des Pêches or ''ONP'') and private sector users in management, hygiene and sanitation.

(c) Mobile Fish Vendors

This Project Activity will provide fresh fish transportation equipment to mobile fish vendors, together with associated technical and training assistance. Specifically, MCC Funding will support:

(i) up to 30 percent of the cost of approximately 2,000 modern, heavy duty, 3-wheeled motorbikes equipped with insulated ice chests for preserving fish quality and value; and

(ii) technical and training assistance to approximately 2,000 fish vendors in marketing, proper hygiene, product handling, quality preservation, small business management, formation of associations/cooperatives of fish vendors, and access to financial services.

3. Beneficiaries

The Small-Scale Fisheries Project is expected to benefit approximately 25,000 small-scale fishers, boat owners, wholesale fish merchants, mobile fish vendors and their household members. The development of PDAs and port facilities is intended to benefit over

22,000 small-scale fishers. It is estimated that investments in storage rooms and on-site repair facilities will reduce the cost of maintenance and repair by approximately 18 percent. On average, net revenue for fishers accessing PDA facilities will increase 30 percent. The construction and modernization of 6 wholesale markets, mostly in the interior of the country, will strengthen market integration and facilitate an increase in the number of buyers and sellers, and result in increased market-clearing quantities and a more efficient market price. It is anticipated that these improvements to the Moroccan fish market will result in increased domestic consumption of fish, rather than its use as low value fish meal. Further, it is anticipated that investments to improve standards of hygiene, handling and preservation of fish in the cold chain will contribute to the maintenance of the value of fish and greater sales. Finally, a more efficient and transparent wholesale network will contribute to the distribution of a more affordable protein source to the interior of the country where a high level of poverty exists. Approximately 2,000 mobile fish vendors, earning on average US$2,250 per year, will benefit from the Small-Scale Fisheries Project. Mobile fish vendors will be able to increase the value and volume of fish sold as well as their marketing range. As a result, it is estimated that mobile fish vendor net incomes (once their loans are repaid) will increase approximately 62 percent, enabling the vendors to exit subsistence level poverty.

4. Sustainability

Institutional Sustainability

The sustainability of the Small-Scale Fisheries Project depends on the long term viability of each major component, from first sale at the PDAs, major ports and the network of new wholesale markets, to mobile fish vendors who complete the market chain by selling to retail clients. Key factors for ensuring sustainability are the fish cooperatives at the PDA sites, ONP, and the beneficiaries themselves. ONP's management will be instrumental to the success and sustainability of the Small-Scale Fisheries Project. The PDAs and fish cooperatives are expected to be sustainable due to the Project timeframe, combined with the necessary resources for technical assistance to the fish cooperatives that will be established at each PDA site and eventually at the major ports. Each will likely require some post-project guidance, fee-paying and/or modest public assistance, from the normal ongoing services of ONP, the Department of Maritime Fisheries and its training and extension programs. The key to long term success and sustainability for the small-scale fishing enterprise is the forging of profitable commercial relationships with the fresh fish market through the auction halls at the PDAs and ports. Fishers are expected to find a strong incentive to participate in the system and will increasingly integrate into the formal sector, as long as auction halls function as efficient and self-supporting marketplaces, and fishers see increased revenues and access to benefits, such as credit, social security, and medical insurance. ONP will ensure that an effective public-private partnership is established for the management of the wholesale markets in the short term, supported by appropriate legal and institutional frameworks. The private sector is expected to take over market management in the medium to long term.

Financial Sustainability

Financial sustainability of PDAs, wholesale markets and mobile fish vendors is supported foremost through institutional sustainability, a strong and growing demand for fish, and adequate resource protection. Of potentially greatest concern is the ability for mobile fish vendors to generate increased revenues to replace their equipment at market rates when the equipment provided by the Project wears out. The financing package for the vehicles is structured to provide vendors an increase of 20 percent in net income during the loan repayment period. The investment represents a major commitment in financial and business management terms for these micro-entrepreneurs to ensure that they are drawn to the new technology.

Environmental and Social Sustainability

The Small-Scale Fisheries Project is expected to be environmentally sustainable because it is designed to increase the value of the fish caught as opposed to increasing the quantity. In addition, the Project will establish and strengthen a fish stock assessment and monitoring system at the PDA sites, develop a network of enforceable marine protected areas in collaboration with local fishing communities, and provide advisory support for the development of an ICZM program linked to the marine protected areas.

5. Environmental and Social Issues

The Small-Scale Fisheries Project is classified as Category A according to MCC Environmental Guidelines. The Government will conduct required EIAs and RAPs (each including site-specific EMPs and an HIV/AIDS awareness plan), in form and substance acceptable to MCC, corresponding to agreed upon construction packages, each of which includes PDAs, port improvements and wholesale markets. Consistent with OP 4.12, the RAPs will address issues related to physical or economic displacement and land takings related to the Project. MCC Funding will support an environmental unit at ONP to address impact assessment, monitoring and follow-up on EIAs, EMPs and RAPs. The Government will fund all resettlement compensation in accordance with RAPs approved by MCC and consistent with OP 4.12.

6. Donor Coordination

The Japanese government and the World Bank have provided ongoing technical and monetary support to the Government since 1988. The Japanese have supported extension services to small-scale fishers and construction of fishing villages similar to the ones proposed for MCC financing. There have been at least two previous donor projects to fund mobile fish vendors.

7. Government Contribution

The Government will contribute or cause to be contributed: US$7,880,000 for the Fish Landing Sights and Port Facilities Project Activity, which includes any incurred resettlement costs and in-kind contributions for design and evaluation of boat ice chests and fiberglass boats; US$4,470,000 for the Wholesale Fish Markets Project Activity related to wholesale market construction; and US$10,420,000 for Project management. The Government will fund all resettlement compensation in accordance with RAPs approved by MCC and consistent with OP 4.12.

8. Policy, Legal and Regulatory Reforms

In order to reach the full benefits of the Small-Scale Fisheries Project, the Government will:

(a) Ensure that a law regulating wholesale fish marketing by ''mareyeurs'' (wholesale fish buyers/sellers) is enacted and regulations are issued pursuant thereto no later than July 31, 2009; and

(b) Adopt and issue documentation for official registration (autorisation d'exercice) of mobile fish vendors, together with training and operating practices of eligibility and compliance and ensure that only vendors who have qualified for and received registration will become beneficiaries of the Project.

D. Artisan and Fez Medina Project

1. Background

The Artisan and Fez Medina Project will stimulate economic growth by (a) increasing value to the tourism and artisan sector through leveraging the links between the craft sector and tourism and (b) increasing the value of the cultural, historic and architectural resources of the Fez Medina. Technical training for traditional artisans will enable them to modernize their production techniques and capitalize on the growing tourist industry and export market. The Project will also strengthen the national system for literacy and vocational education to the benefit of artisans and the general population, in particular women and girls. To improve artisans' ability to invest in improved capital such as modern kilns and workshops, the Project will facilitate their access to financial services from local banks or microcredit associations. The Artisan and Fez Medina Project will also support the design and renovation or reconstruction of several prominent and historically significant sites within the Fez Medina with the goal of stimulating economic growth in the Medina.

2. Summary of Project and Activities

The Artisan and Fez Medina Project consists of the following Project Activities:

(a) Literacy and Vocational Training

This Project Activity will increase the capacities of the national training system including those managed by the National Office for Professional Training and Work Promotion (L'Office de la Formation Professionnelle et de la Promotion du Travail, or ''OFPPT'') and others to offer training for instructors, develop new skill-based career programs, purchase instructional resources and equipment, support mobile training units, upgrade artisan training centers, develop a teacher professional development program and a new instructional development production center. This Project Activity will also support remedial education and literacy training. The Parties will conduct an economic analysis to estimate the economic returns for (i) existing OFPPT programs and other vocational education programs, and (ii) remedial education and literacy programs. Based on the results of this analysis, a work plan will be developed jointly by MCC and the Government that specifies funding levels for the Project Activity for the first two years of the Compact Term and a performance monitoring plan. A review of the Project Activity will be conducted at the end of the second year of the Compact Term. MCC Funding for subsequent years and any reallocations of MCC Funding among education programs will be subject to MCC approval.

(b) Artisan Production.

This Project Activity will assist the potters of Fez and Marrakech to meet growing demand for high quality Moroccan pottery by investing in modern techniques and equipment, including cleaner burning kilns to replace traditional, high polluting, wood burning kilns. Specifically, MCC Funding will support:

(i) a technology transfer package that will include demonstrations of modern kilns and training in modern production techniques, design, marketing and business management;

(ii) financial assistance for approximately 20 percent of the kiln costs on a reimbursable grant basis; and

(iii) technical assistance for potters to facilitate access to financial services from local banks and microcredit associations.

This Project Activity will be implemented in coordination with an environmental fund financed with German assistance (Fonds de Dépollution Industrielle, or ''FODEP''), and possibly other partners, to provide up to US$2,500,000 in financing to subsidize an additional 40 percent of the cost of modern kilns.

Participation in the Project Activity by artisans is voluntary. The Government will not use MCC Funding or any other resources to offer additional subsidies or change the terms of the Project Activity in any manner to increase participation if voluntary participation is lower than expected.

(c) Fez Medina.

The Fez Medina Project Activity includes the rehabilitation or construction of five sites along the Fez Medina tourist routes. Specifically, MCC Funding will support the following:

(i) the design of the Makina, reconstruction of portions of the Makina, and the design and reconstruction of Place Lalla Ydouna (''PLY'') and three 14th and 15 century fondouks (large, multi-story structures surrounding a central courtyard);

(ii) a design competition to create effectively designed spaces at the Makina and PLY that will better serve local residents and attract visitors to Fez;

(iii) the development of a production zone at Ain Nokbi for the resettlement of copperware workers affected by the rehabilitation of PLY; and

(iv) a study to identify and evaluate options for the traditional tanneries that are consistent with reducing poverty and stimulating economic growth and that meet relevant national and international environmental, health and safety standards.

(d) Artisan Promotion.

MCC Funding will support marketing campaigns to highlight artisans and their crafts within the Medinas of Fez and Marrakech, including the creation and updating of tourist circuits. The marketing campaign will include the promotion of a craft label to clearly distinguish genuine Moroccan crafts from foreign imitations.

MCC Funding will also support a pilot international campaign to promote Moroccan artisan exports. The economic returns from this subactivity will be evaluated after the end of the second year of the Compact Term to determine whether continued MCC Funding is justified.

3. Beneficiaries

The Literacy and Vocational Training Project Activity is expected to benefit 1,000 faculty and students (reaching approximately 120,000 by the end of the Compact Term) in up to 100 targeted schools. It is expected that 50,000 master artisans will be trained in new design and production methods by the end of the Compact Term. Thirty new career tracks will be created and installed in OFPPT schools that will diversify, expand and deepen competencies of students for better employment and incomes. New policy measures and institutional capabilities will encourage matriculation among non-literate citizens of Morocco. Innovative mobile training programs are expected to reach at least 15,000 people during the Compact Term.

The Artisan Production Project Activity is expected to assist approximately 3,250 artisan workers and 550 master artisans based on projected participation in the training and purchase of modern kilns.

The Fez Medina and Artisan Promotion Project Activities are expected to reduce poverty by stimulating the Medina's main industries, tourism and artisan production, and are estimated to directly benefit approximately 20,000 low income workers in the Fez Medina.

4. Sustainability

Institutional Sustainability

The Literacy and Vocational Training Project Activity will include reforms in the management of the apprenticeship training program for artisans, including changes in the management of training centers, and launching of pilot programs to develop demand driven training.

The implementation of the technology transfer package for kilns will require capacity building within the Ministry of Tourism, Artisanat and Social Economy, which should enable it to successfully sustain these activities and to launch similar programs in the future. Specifically, the Ministry's regional delegations in Fez and Marrakech, who will play a critical role in managing the Artisan Production and Promotion Project Activities and currently do not have sufficient staff, will receive training in relevant areas, including project management, procurement, logistics, and communication.

The Fez Medina Project Activity will include institutional capacity building for the Agency for the De-densification and Rehabilitation of the Fez Medina (Agence pour la Dédensification et la Réhabilitation de la Medina de Fès, or ''ADER''). ADER staff will receive training in relevant areas, including project management, procurement, logistics, and communication.

Financial Sustainability

The Artisan Production Project Activity will include a demonstration program providing potters with the opportunity to practice producing their own products using modern kilns—as well as practice producing new products for new markets (e.g., high end tourist shops) that take advantage of the expanded capabilities of modern kilns—before committing to the transition. In addition, the cost sharing component of this program should help ensure beneficiary buy-in by including only potters willing to contribute a significant portion of the kiln cost, using their own or borrowed funds. These demonstrations and cost sharing, combined with the significant training in production, marketing and design, should lead to potters generating enough profit to pay for the higher cost of operating modern kilns. In addition, reimbursement from the potters of MCC Funding for the purchase of modern kilns will be paid into an account that will potentially be dedicated to the funding of an education program for child laborers in the Moroccan pottery industry, or other uses mutually agreed to by the Government and MCC.

Operation and maintenance of the newly renovated buildings in the Fez Medina will be ensured through the involvement of the private sector in the development and management of each site. The design competition will ensure that the designs will be demand driven. Profits generated from the transfer of management or use rights to the private sector will be paid into an account that will potentially be dedicated to the funding of public projects in the Medina. An agreement governing the use and management of the funds will be reached between MCC and the Government before the end of the fourth year of the Compact Term.

The Government envisions continuing support for the Artisan Promotion Project Activity after the Compact Term through financing from artisans and artisan cooperatives, traders and retailers, private enterprises, and public funds from national, regional and city administrations. The firm chosen to implement the Project Activity will evaluate private organizations with the goal of selecting one to take over the management of the craft label and other promotion activities before the end of the Compact Term.

Environmental and Social Sustainability

Environmental and social sustainability of the Artisan and Fez Medina Project will be promoted through the Project's contribution to the rehabilitation, preservation and enhancement of the cultural and historic value of the Fez Medina consistent with UNESCO objectives, support for artisans to transition to modern kilns from highly polluting and unsafe traditional kilns, and the promotion of better waste management practices in the Medina. The Government will undertake steps to clean up the river and areas adjacent to PLY, and MCC Funding will support a public awareness campaign for better waste management in the Medina and a study to identify alternatives to address highly polluting and hazardous conditions at traditional tanneries in the Fez Medina.

5. Environmental and Social Issues

The Artisan and Fez Medina Project is classified as Category A, because many of the Project Activities (exclusive of the training and promotion activities) are located in or near the Fez Medina—a cultural and historic heritage site of great significance and sensitivity, and the first Moroccan site to be designated as a UNESCO World Heritage Site. All activities in the Fez Medina and the Artisan Production Activities will require full impact assessment, including a consultative process, and will comply with Moroccan laws concerning water quality, air quality, waste management and disposal, and the preservation of historic buildings and sites. The EIAs will incorporate a consultative process; will be conducted in conjunction with the feasibility and design efforts and will address all direct, indirect, and cumulative impacts; and will require EMPs to be developed and implemented.

There will be two EIAs for the Artisan and Fez Medina Project. The Fez Medina Project Activity involves involuntary resettlement and requires a RAP consistent with OP 4.12. The Government will conduct the first EIA, including an EMP, and the RAP. The first EIA will cover the Artisan Production Project Activity, the Makina, the fondouks, PLY, and Ain Nokbi, which serves as a resettlement site for copperware workers. The first EIA will analyze the proposed kilns to be purchased as part of the Artisan Production Project Activity to ensure they can be installed and used safely and meet air pollution standards acceptable to MCC. Kiln acquisitions will only be supported in locations where they can be installed and operated safely in a manner consistent with Moroccan laws and regulations. This EIA will also include a review of child labor issues and recommend remedies for any abusive practices. Repayments of the kiln grants may be used to fund a program to address child labor in the Moroccan pottery industry. With respect to the Makina and the PLY, the first EIA will provide only the baseline inventory, an analysis of environmental constraints/opportunities, identification of infrastructure gaps that would affect design competition options and baseline data on households and businesses. Once the design competition of the Makina and PLY is completed, the selected firm(s) will conduct the second EIA of the winning designs using MCC Funding and will develop an EMP to be implemented by appropriate stakeholders. The aspects of the two EIAs and EMPs related to the Fez Medina Project Activity will involve the Ministry of Culture and UNESCO, and provide specific requirements for managing restoration, rehabilitation and reconstruction, and chance finds in accordance with the MCC Environmental Guidelines and applicable Moroccan laws and regulations. MCC Funding will also fund environmental units for the Ministry of Artisanat and ADER to support environmental impact assessment, monitoring and follow-up on EMPs and RAPs.

6. Donor Coordination

In developing the Artisan and Fez Medina Project, MCC has held numerous discussions with donors to understand previous and ongoing projects in the sector, both in Morocco and internationally. MCC support for acquisition of kilns for potters builds

significantly upon those experiences. The Artisan Production Project Activity will be implemented in coordination with FODEP, and possibly other partners to provide up to US$2,500,000 in additional financing for modern kilns. UNESCO will be involved in the design competition and other aspects of the Fez Medina Activity. Cluster-skills models being supported by Spain in other countries will be imported to Morocco with Spanish financial support. The International Labor Organization will lend skills certification resources to support the creation of new programs. The Literacy and Vocational Training Project Activity will be coordinated with the European Union's MEDA II project, which is currently strengthening OFPPT capacities in a number of career fields.

7. Government Contribution

The Government will cause to be contributed US$40,000,000 plus an estimated 10 percent contingency, for the renovation and reconstruction of the Makina, as well as ensure that all additional funding necessary for completion of the Makina is made available through additional contributions, private sector, or other donor financing. The Government will also provide the necessary funding for environmental remediation on the river Oued Boukhrareb, the renovation of the riverbanks near PLY and the acquisition and unification of property at PLY and the fondouks. In addition, the Government will fund an initial census of occupants at PLY and urgent preliminary works at the Makina and the fondouks, the scope of which will be subject to MCC approval.

For all sites within the Fez Medina Project Activity, the Government will ensure that the property is acquired and held in a single public entity to be approved by MCC. Unification of ownership of all sites will be a condition to Disbursements as more specifically set forth in the Project Implementation Agreement.

The Government will make the Ain Nokbi site available for resettlement of copperware workers physically and economically displaced as a result of the Fez Medina Project Activity.

8. Policy, Legal and Regulatory Reforms

The Government will ensure that Régie Autonome d'Eau et d'Electricitó de Fès will make a commitment by the end of 2007 that wastewater will not be transmitted via the river Oued Boukhrareb.

E. Financial Services Project

1. Background

The Financial Services Project is expected to increase financial services for micro-enterprises in Morocco by addressing the key constraints to the development of a broader, deeper, market-based financial sector.

2. Summary of Project and Activities

The Financial Services Project consists of the following Project Activities:

(a) Access to Funds for Microfinance.

MCC Funding will support an investment in Jaida S.A, a non-bank financial institution launched in late 2006 to provide debt funding to the Moroccan microcredit sector. Jaida is designed to be a market solution to a potential financing gap, and it will offer products tailored according to the risk of each microcredit association. MCC Funding to support Jaida will be provided to the maximum extent possible on market terms, so that such lending does not crowd out or impede market-based lending by commercial banks to microcredit associations or result in subsidized lending to these associations. Subject to MCC approval, it is anticipated that the investment in Jaida will be in the form of subordinated debt.

Prior to the end of the fourth year of the Compact Term, MCA-Morocco will develop a plan, acceptable to MCC, for the disposition of all proceeds and assets remaining at the end of the Compact Term. The Parties expect that neither MCC Funding nor the proceeds of loans repaid by Jaida will be used to make new loans to Jaida after the end of the Compact Term.

(b) New Financial Product Development.

Several microcredit associations in Morocco have begun to explore the possibility of changing their legal structure in order to mobilize equity from shareholders, as well as to accept savings deposits and offer other non-credit financial services (i.e., to undergo ''transformation'').

MCC Funding will support the analysis of the regulatory and operational requirements for transformation. Other issues related to extending a broader set of financial services to clients, including the possibility for partnerships between the microcredit and banking sectors, will also be analyzed. An important output will be a detailed action plan, acceptable to the Government and MCC, including the appropriate legal structure for transformation, next steps for the sector, and timeline for completing any necessary changes. The associations and their network will be consulted throughout the development and validation of the action plan. MCC Funding will also support technical assistance to financial institutions to help implement the recommendations from the action plan.

(c) Improvement of Operating Efficiency and Transparency.

MCC Funding will help financial institutions improve their operating efficiency and build transparency through support for:

(i) sustainable technologies proposed by institutions, with preference given to innovative and experimental approaches;

(ii) preparation for microcredit associations' compliance with Central Bank requirements for data to be submitted to the credit bureau;

(iii) mobile branches to encourage microcredit associations to test new approaches for expanding their geographic reach;

(iv) building financial institutions' understanding of the priority sectors to highlight the potential of these sectors and provide information on which to base investment decisions, and

(v) partial financing of institutional ratings for microcredit associations.

3. Beneficiaries

The key beneficiaries of the Financial Services Project will be clients (small borrowers such as individuals or micro-enterprises) of microcredit associations operating in Morocco. The intended impact of the Project is to increase the supply of financial services for these clients. Furthermore, to the extent that the Project causes investments that lead to service upgrades and helps microcredit associations improve efficiency, clients should benefit from better services, and either some additional increase in lending or reduction in borrowing costs. Today, the microcredit sector serves approximately 1.2 million clients. Assuming the Project facilitates a net increase in the client growth rate of a quarter of one percent per year, and assuming that without the Project the client growth rate is 30 percent per year, then there would be 43,000 additional clients by the end of the Compact Term. If the net increase in growth is one percent per year, there would be 174,000 additional clients by the end of the Compact Term.

4. Sustainability

Institutional Sustainability

MCC funding will support technical assistance for selected microcredit associations to implement the legal,

management and operational requirements necessary for sustainable transformation. The Project will also help associations evaluate the various options available, including options regarding how to grow in a sustainable manner within the new regulatory environment without transforming. Support to prepare associations for the introduction of a universal credit bureau, as well as to use technologies to reduce costs while expanding breadth of outreach, are also expected to contribute to the sustainability of the sector.

Financial Sustainability

The Financial Services Project seeks to make microcredit associations more efficient and reduce transaction costs in order to lower operating costs and further improve their financial sustainability. Furthermore, access to credit and other financial services is expected to enable the clients of these institutions to make profitable investments and improve the financial sustainability of their own enterprises.

Environmental and Social Sustainability

Environmental and social sustainability of the Financial Services Project will be promoted through: application of lending guidelines and procedures to ensure compliance with the MCC Environmental Guidelines, MCC Gender Policy and OP 4.12; requiring adequate institutional capacity for Jaida to implement these guidelines and procedures; and by providing training for the associations in environmental and social screening.

5. Environmental and Social Issues

The Financial Services project is classified as Category D according to MCC Environmental Guidelines. Prior to the first Disbursement to Jaida, Jaida will be required to supplement or revise, in a manner acceptable in form and substance to MCC, the lending guidelines and procedures required for associations to which it lends to ensure that they meet MCC Environmental Guidelines, MCC Gender Policy, and OP 4.12. Jaida will demonstrate commitment and adequate resources to implementing the procedure and will take action to remedy any gaps in implementation on an ongoing basis. MCC and MCA-Morocco will be provided with an annual reporting summarizing the social and environmental performance of associations to which Jaida lends. The Financial Services Project will incorporate training for associations in environmental and social screening and/or guidelines and include outreach to women.

6. Donor Coordination

The Financial Services Project builds on and complements the strategic priorities that have been articulated by other donors and industry professionals. MCC has held numerous meetings with donors either currently or previously active in the financial sector in Morocco, including, but not limited to, USAID, KfW, AFD, Consultative Group to Assist the Poor (''CGAP''), the World Bank, and the International Finance Corporation. MCC will join a number of other donors in supporting Jaida (KfW and AFD are both shareholders); the support to innovations in technology will build on a similar global program implemented by CGAP with funding from the Gates Foundation; and the support to institutional ratings will build on a recent global initiative of the IDB, European Union and CGAP. Continued coordination will be a priority throughout implementation, and especially during the development of the action plan for transformation.

7. Policy, Legal and Regulatory Reforms

The Government will take the necessary actions to allow those microcredit associations that are ready and willing to do so to undergo institutional transformation, following the results of a study analyzing the relevant legal and operational requirements. This study will build on global best practices as well as previous analyses done in Morocco, and will result in a detailed action plan to be reviewed by all relevant stakeholders and agreed to by the Government and MCC. The action plan is expected to be completed and agreed to by no later than the end of 2008, and the Government will take the necessary relevant actions by no later than the end of 2009.

F. Enterprise Support Project

1. Background

The Enterprise Support Project will measure and improve the outcomes of two existing high priority Government initiatives, Moukawalati and INDH. The Enterprise Support Project is structured in two phases: First, a set of three pilots will measure the impact of several training initiatives offered to current beneficiaries of these Government programs who would receive further training and technical assistance designed to increase their rate of survival. Second, if results reported by an independently conducted evaluation are promising, training initiatives will be expanded beginning in the third year of the Compact Term. In addition, the Government agency sponsors of the programs would receive support to help them better manage the selection and training processes for these entrepreneurs.

2. Summary of Project and Activities

The Enterprise Support Project consists of the following Project Activities:

(a) Moukawalati and INDH.

Moukawalati is a program to create a more entrepreneurial culture and to address high unemployment rates for Morocco's youth, particularly among new graduates. Under the Moukawalati program, Government funds will be used to help entrepreneurs develop business plans and to get bank funding. MCC Funding will support additional business skills training to an enterprise, but only after the entrepreneur has satisfied all other registration requirements and has been approved for a bank loan. Two pilot programs will be run, one by OFPPT, and one by the National Agency for the Promotion of Small and Medium Enterprises (Agence Nationale pour la Promotion de la Petite et Moyenne Entreprise, or ''ANPME''). A third pilot will test whether the training provided to INDH beneficiaries (typically cooperatives and other forms of income generating associations) helps them to increase sales and be more sustainable. The educational background of target groups under each of the pilots is different and the form of the training provided, e.g., group vs. individual training, will also vary from pilot to pilot. The amount of MCC Funding for these Project Activities will be allocated in accordance with the Government entity implementing each Project Activity as set forth in the Multi-Year Financial Plan Summary as set forth in Annex II.

(b) Training Scale-Up

During the pilot phases, independent evaluations will be conducted to compare firms who receive technical support and those that do not and assess variations in key indicators of firms' health—survival rates and revenues. At the end of the pilot, the Parties will consult to determine whether the results merit a scaling-up of the training activity to include up to 6,000 enterprises and associations over the remaining Compact Term.

3. Beneficiaries

During the pilot project phases, approximately 600 enterprises will receive training. Four hundred will be new enterprises initiated under Moukawalati (200 each managed by ANPME and OFPPT) and 200 revenue generating groups initiated under INDH.

Subsequent to the pilot period, it is assumed that up to 4,000 enterprises created under Moukawalati will receive technical assistance and up to 2,000 INDH groups will receive similar support. SMEs created under Moukawalati will typically have fewer than five employees. Groups receiving Government grants under the INDH program will typically consist of about 20 participants. INDH beneficiaries will be drawn either from 250 target neighborhoods in 25 cities or one of 348 communes where the rates of poverty are in excess of 30 percent.

4. Sustainability

Institutional Sustainability

The ultimate beneficiaries are the enterprises that survive and continue to create jobs and income in numbers exceeding their expected survival rate. For example, the expected business survival rate in Morocco after two years is approximately 70 percent; a rate of survival in excess of that would begin to repay the Government of Morocco's investments in Moukawalati and INDH. In addition, OFPPT, which will offer entrepreneurship-supporting courses and training for the first time, will be assisted through its own start-up phase for these activities. ANPME, OFPPT and INDH will each receive assistance, respectively, to strengthen their abilities to deliver training content. Finally, consultants and consulting firms that provide the hands-on training to the SMEs and associations will be given a chance to demonstrate their abilities to contribute to enterprise growth and sustainability.

Financial Sustainability

The activities proposed to strengthen new enterprises created with the help of government programs reduce Government losses from loan guarantee schemes, increase tax revenues, and provide other actionable feedback to the Government regarding the effectiveness of its programs. The programs will be scaled up if it can be demonstrated that the benefits of the programs more than offset the costs of delivering them.

5. Environmental and Social Issues

The Enterprise Support Project is classified as Category C, according to MCC Environmental Guidelines as Project Activities are unlikely to have any direct or indirect impacts on the environment. As the proposed interventions entail monitoring and evaluation of training and development of pilots, the Project will incorporate proactive measures, as appropriate, regarding environmental sustainability for SME clients. All pilot activities will be re-evaluated during the Compact Term to determine whether this classification should be changed and subject to environmental assessments and/or RAPs.

6. Donor Coordination

In developing the Enterprise Support Project, MCC has met with the World Bank, AFD and other supporters of the INDH program. UNIDO and Agencia Española de Cooperacíon Internacional have supported women entrepreneurs engaged in the agro-industry. The European Union and GTZ have sponsored several enterprise support programs directed at SMEs on which part of the proposed Project is modeled.

7. USAID

USAID has sponsored a number of interventions directed at artisans and other small businesses that are looking to take advantage of the United States–Morocco Free Trade Agreement. Lessons have been drawn from their work, and MCC will share its own experience during the pilot activity with other donors engaged in the sector.

G. Implementation Framework

1. Overview

Unless otherwise agreed to by the Parties in writing, the implementation framework and the plan for ensuring adequate governance, oversight, management, monitoring and evaluation and fiscal accountability for the use of MCC Funding is summarized below. MCC and the Government will enter into the PIA, and any other agreements in connection with this Compact, which will further set forth the rights and responsibilities of the Parties relating to the implementation of the Program.

2. MCC

MCC will take all appropriate actions to carry out its responsibilities in connection with this Compact and the PIA, including the exercise of its approval rights in connection with the implementation of the Program.

3. Government and MCA-Morocco

The Government, through passage of a law, will create an independent agency (an ''établissement public'') (''MCA-Morocco''), which will be authorized to act on behalf of the Government in order to manage and oversee the implementation of this Compact and the Program. MCA-Morocco will have full decision-making autonomy, including, inter alia, the ability, without consultation with, or the consent or approval of, any other party, to (a) enter into contracts in its own name, (b) sue and be sued, (c) establish an account in a financial institution in the name of MCA-Morocco and hold MCC Funding in that account, (d) expend MCC Funding, (e) engage the Ministry of Finance as a fiscal agent on terms acceptable to MCC, (f) engage one or more procurement agents who will act on behalf of MCA-Morocco to manage the acquisition of the goods, works and services requested by MCA-Morocco to implement the activities funded by this Compact, and (g) competitively engage one or more auditors to conduct audits of its accounts. The governance of MCA-Morocco will be set forth in more detail in the PIA, the constitutive documents and internal regulations of MCA-Morocco (''Internal Regulations'') or as otherwise agreed in writing by the Parties. The Internal Regulations will be in accordance with MCC's Guidelines for Accountable Entities and Implementation Structures, published on the MCC Web site (the ''Governance Guidelines'').

MCA-Morocco will be headquartered in Rabat.

MCA-Morocco will be composed of (a) a strategic steering committee (the ''Strategic Steering Committee'' or ''SSC'') and (b) a management unit (the ''Management Unit''). MCA-Morocco will also establish and consult regularly with one or more stakeholders' committees, and MCA-Morocco will use various Government entities to help implement specific Projects.

(a) Strategic Steering Committee.

(i) Composition. Unless otherwise agreed by the Parties, the Strategic Steering Committee will be chaired by the Prime Minister (or its designee) and be comprised of nine voting members, including (1) the chair; (2) one representative from each of the Ministries of: Finance; Agriculture; Interior; Land Planning, Water and Environment; and Artisanat; (3) one representative from the business sector (Confédération Généerale des Enterprises Marocaines (CGEM)); and (4) two representatives from civil society. One of the two civil society representatives will represent microcredit associations, and the other will be nominated by a women's group. The Director General of MCA-Morocco and the MCC representative in Morocco, among others, will be non-voting members. No remuneration will be paid to any Government representative on the Strategic Steering Committee.

(ii) Roles and Responsibilities. The Strategic Steering Committee will be responsible for overseeing the implementation of the Program, including making major decisions, such as approving annual implementation

plans, disbursement requests, annual progress reports and key contracts and reporting on policy reforms, as well as other responsibilities defined in the Internal Regulations. The SSC will meet regularly. The frequency of SSC meetings will be set forth in the Internal Regulations and will be in accordance with the Governance Guidelines. The specific roles of the voting and non-voting members will be set out in the Internal Regulations.

(b) Management Unit.

(i) Composition. The Management Unit, led by a competitively selected Director General, will also be composed of competitively selected directors with expertise in the key components of the program (agriculture, fisheries, artisan, financial services and enterprise support) and key employees, including a chief financial officer, legal counsel and directors of environmental and social impact, procurement and monitoring and evaluation.

(ii) Location. The Management Unit will be based in Rabat.

(iii) Roles and Responsibilities. The Management Unit will be responsible for managing the day-to-day implementation of the Program with oversight from the SSC.

4. Stakeholders' Committees

(a) Composition.

To ensure the continuation of the consultative process throughout Compact implementation, the Government will, consistent with the Governance Guidelines, establish, or will make use of pre-established groups to serve as stakeholders' committees, the size and composition of which will be designed to maximize participation at the Program, Project and Project Activity levels and include key NGOs, the private sector, civil society, and local and regional governments.

(b) Location

The stakeholders' committees will convene where appropriate to ensure maximum participation in providing feedback on Program and Project implementation.

(c) Roles and Responsibilities.

The Strategic Steering Committee will consult with the stakeholders' committees on a regular basis or at the request of a stakeholders' committee as set forth in the Internal Regulations. The stakeholders' committees will receive and review certain reports, agreements and documents, including implementation documents, and will provide advice and feedback regarding Program implementation.

5. Fez Medina Project Activity Advisory Committee

MCA-Morocco will establish an advisory committee (the ''Committee'') to coordinate the activities of other agencies and stakeholders in connection with implementation of the Fez Medina Project Activity, and to advise and assist ADER as implementing entity for the Fez Medina Project Activity.

(a) Composition.

The Committee will be chaired by the Wali of Fez and will include the Mayor of Fez (or designee), the Secretaries General of Artisanat and Tourism (or designees), and representatives of the Ministry of Culture, the Agence Urbaine, UNESCO, the Medina's neighborhood associations, Fez's artisan associations, key NGOs, experts in historic preservation, and the private sector. The final size and composition of the Committee will be agreed upon between MCC and MCA-Morocco.

(b) Frequency and Location of Meetings.

The Committee will convene as frequently as necessary, but at least quarterly, to provide ADER with feedback and support related to implementation of the Fez Medina Project Activity. Meetings will be held in Fez or in other locations as required to achieve the purpose of the meeting.

(c) Roles and Responsibilities.

ADER will provide the Committee with short status reports in advance of each meeting summarizing the status of ongoing activities, and key issues and constraints affecting implementation of the Project Activity. The Committee will provide ADER with support to enable it to effectively implement the Project Activity, including guidance and advice on key elements of the Project Activity, such as decisions affecting the proposed uses of the sites, the mechanisms for soliciting private participation and investment in renovations, the guidelines for the design competition, resettlement and expropriation matters, environmental cleanup measures, public outreach programs, the effect of the Project Activity on women and underrepresented or vulnerable groups, and the makeup of the jury of the design competition. The Committee will be responsible for assisting ADER in obtaining the cooperation of other agencies and groups in order to ensure smooth and timely implementation of the Project Activity. The Committee will ensure mechanisms for residents of the Fez Medina, civil society, artisan groups, and the private sector to provide input into the Fez Medina Project Activity.

6. Implementing Entities

(a) Composition.

The Government and MCC will identify the principal ministries and public institutions that will serve as implementing entities (each, an ''Implementing Entity''). They include, but are not limited to, the Ministries of Agriculture and Artisanat, as well as ONP and ADER. MCA-Morocco will enter into agreements with the Implementing Entities that set forth their roles and responsibilities in connection with Program implementation.

(b) Location.

Implementation of the Fruit Tree Productivity, Small-Scale Fisheries, and Artisan and Fez Medina Projects will require, and other Projects may require, the services of dedicated implementation teams within the Implementing Entities. Additional personnel to be based within the Implementing Entities may be contracted by MCA-Morocco where appropriate.

(c) Roles and Responsibility.

The Implementing Entities will be responsible for coordination of the activities of various contractors, achievement of Project Objectives and timelines; development of Compact-related requirements (work plans, detailed financial plans, and quarterly reports), procurement (where MCC has determined that procurement tasks may be performed by the Implementing Entity) and performance monitoring of contractors.

7. Fiscal Agent

The Ministry of Finance will serve as the fiscal agent for the Program, assisted by a ''fiscal coordination unit'' within the Ministry of Finance, charged with all financial issues, including regular reporting to MCA-Morocco on global and activity-specific budget concerns, and the maintenance and security of the financial information management system. Reporting will be coordinated by the chief financial officer and procurement officer within MCA-Morocco.

8. Procurement Agent

Unless otherwise agreed to by the Parties, MCA-Morocco will engage up to five procurement agents from within the Government, assisted by an MCC-funded procurement oversight advisor and supported by MCC-funded capacity building and technical assistance. The procurement oversight advisor will act as procurement agent in areas where such services are required.

Annex II Summary of the Multi-Year Financial Plan

1. General

The Multi-Year Financial Plan Summary below sets forth the estimated annual contribution of MCC Funding for Program administration, Program monitoring and evaluation, and implementing each Project. The Government's contribution of resources will consist of in-kind contributions and amounts required effectively to satisfy the requirements of Section 2.5(a) of this Compact. In accordance with the PIA, the Government will develop and adopt on a quarterly basis a detailed financial plan (as approved by MCC) setting forth annual and quarterly funding requirements for the Program (including administrative costs) and for each Project, projected both on a commitment and cash requirement basis.

2. Modifications

To preserve administrative flexibility, the Parties may by written agreement (or as otherwise provided in the PIA), without amending this Compact, change the designations and allocations of MCC Funding among the Projects, the Project Activities, or any activity under Program administration or monitoring and evaluation, or between a Project identified as of the entry into force of this Compact and a new project; provided, however, that any such change (a) is consistent with the Program Objective and Project Objectives, (b) does not materially adversely affect the applicable Project or any activity under Program administration or monitoring and evaluation, (c) does not cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1 of this Compact, and (d) does not cause the Government's obligations or responsibilities or overall contribution of resources to be less than specified in Section 2.5(a) of this Compact.

3. Mid-Term Review

The Parties will jointly conduct a comprehensive mid-term performance review at the completion of the second year after entry into force. Based on quantifiable performance indicators included in the M&E Plan developed pursuant to Annex III, Projects will be rated as ''underperforming,'' ''satisfactory'' or ''overperforming.'' The Parties may agree to modify the Multi-Year Financial Plan in accordance with the preceding paragraph to reflect the results of the performance review.

MULTI-YEAR FINANCIAL PLAN SUMMARY (US$)

Project	CIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Fruit Tree Productivity:							
A. Rain-fed Olive, Almond and Fig Tree Intensification and Expansion	1,992,941	10,178,721	42,019,029	56,225,017	41,559,806	17,531,311	169,506,825
B. Olive Tree Irrigation and Intensification	1,892,000	5,102,247	22,430,100	20,332,624	5,711,029	2,948,856	58,416,856
C. Date Tree Irrigation and Intensification	1,052,118	5,875,447	14,084,800	11,518,565	8,646,888	5,858,947	47,036,765
D. Fruit Tree Sector Services	2,022,706	4,704,118	5,784,706	5,784,706	4,878,824	2,762,941	25,938,001
Subtotal	6,959,765	25,860,533	84,318,635	93,860,912	60,796,547	29,102,055	300,898,447
2. Small-Scale Fisheries:							
A. Development of Fish Landing Sites and Port Facilities	3,935,705	22,331,581	24,601,377	27,923,683	2,202,878	2,184,054	83,179,278
B. Development of Wholesale Fish Markets	2,246,640	12,045,242	10,295,442	5,012,015	47,647	47,647	29,694,633
C. Support to Mobile Fish Vendors	823,529	1,070,588	905,882	494,118	0	0	3,294,117
Subtotal	7,005,874	35,447,411	35,802,701	33,429,816	2,250,525	2,231,701	116,168,028
3. Artisan and Fez Medina:							
A. Literacy and Vocational Education	0	3,900,000	10,900,000	10,500,000	5,000,000	2,500,000	32,800,000
B. Artisan Production	0	430,375	430,375	1,446,000	1,446,000	821,000	4,573,750
C. Fez Medina	6,142,437	11,352,814	21,345,322	9,019,845	8,019,845	8,019,845	63,900,108
D. Artisan Promotion	0	200,000	200,000	3,600,000	4,600,000	2,000,000	10,600,000
Subtotal	6,142,437	15,883,189	32,875,697	24,565,845	19,065,845	13,340,845	111,873,858
4. Financial Services:							
A. Access to Funds for Microfinance	0	13,000,000	8,000,000	2,500,000	2,500,000	0	26,000,000
B. New Financial Product Development	500,000	1,000,000	2,000,000	1,000,000	1,000,000	500,000	6,000,000

MULTI-YEAR FINANCIAL PLAN SUMMARY (US$)—Continued

Project	CIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
C. Improvement of Operating Efficiency and Transparency	0	5,300,000	4,100,000	3,200,000	800,000	800,000	14,200,000
Subtotal	500,000	19,300,000	14,100,000	6,700,000	4,300,000	1,300,000	46,200,000
5. Enterprise Support:							
A. ANPME Training	0	690,000	640,000	3,270,000	6,310,733	2,975,335	13,886,068
B. OFPPT Training	0	760,000	260,000	3,570,000	4,872,533	1,190,333	10,652,866
C. INDH Training ..	0	730,000	180,000	3,450,000	4,097,333	853,733	9,311,066
Subtotal	0	2,180,000	1,080,000	10,290,000	15,280,599	5,019,401	33,850,000
6. Monitoring and Evaluation:							
Monitoring and Evaluation	1,840,000	3,666,000	4,041,000	3,643,000	3,030,000	4,523,000	20,743,000
Subtotal	1,840,000	3,666,000	4,041,000	3,643,000	3,030,000	4,523,000	20,743,000
7. Program Administration and Oversight:							
A. MCA-Morocco & Implementing Entities	7,251,924	11,176,660	10,438,942	10,522,703	9,065,939	8,310,499	56,766,667
B. Fiscal Agent	150,000	150,000	154,500	160,500	165,000	170,000	950,000
C. Procurement Agents	2,500,000	1,700,000	1,000,000	1,000,000	1,000,000	1,000,000	8,200,000
D. Auditing	50,000	100,000	200,000	500,000	500,000	500,000	1,850,000
Subtotal	9,951,924	13,126,660	11,793,442	12,183,203	10,730,939	9,980,499	67,766,667
Total Estimated MCC Contribution	32,400,000	115,463,793	184,011,475	184,672,776	115,454,455	65,497,501	697,500,000

Annex III Description of the Monitoring and Evaluation Plan

This Annex III to this Compact (the ''M&E Annex'') generally describes the components of the Monitoring and Evaluation Plan (''M&E Plan'') for the Program.

1. Overview

MCC and the Government (or a mutually acceptable Government affiliate) will formulate, agree to and the Government will implement, or cause to be implemented, an M&E Plan that specifies (a) how progress toward the Program goal and objectives will be monitored, (''Monitoring Component''), (b) process and timeline for the monitoring of planned, ongoing, or completed project activities to determine their efficiency and effectiveness, and (c) a methodology for assessment and rigorous evaluation of the outcomes and impact of the Program (''Evaluation Component''). Information regarding the Program's performance, including the M&E Plan, and any amendments or modifications thereto, as well as progress and other reports, will be made publicly available on the Web site of MCA-Morocco and elsewhere.

2. Program Logic

The M&E Plan will be built on a series of logic models which illustrate how the Program, Projects and Project Activities contribute to poverty reduction and economic growth in Morocco. The logic models below provide a visual representation of each Project's activities and the channels through which the activities lead to higher level outcomes and objectives. In sum, the goal of the Program is to contribute to economic growth and poverty reduction among targeted beneficiaries in the fruit tree, small scale fishing, artisan and tourism, and micro, small and medium enterprise sectors. The following logic diagrams illustrate how the each of the Projects addresses poverty reduction in these sectors:

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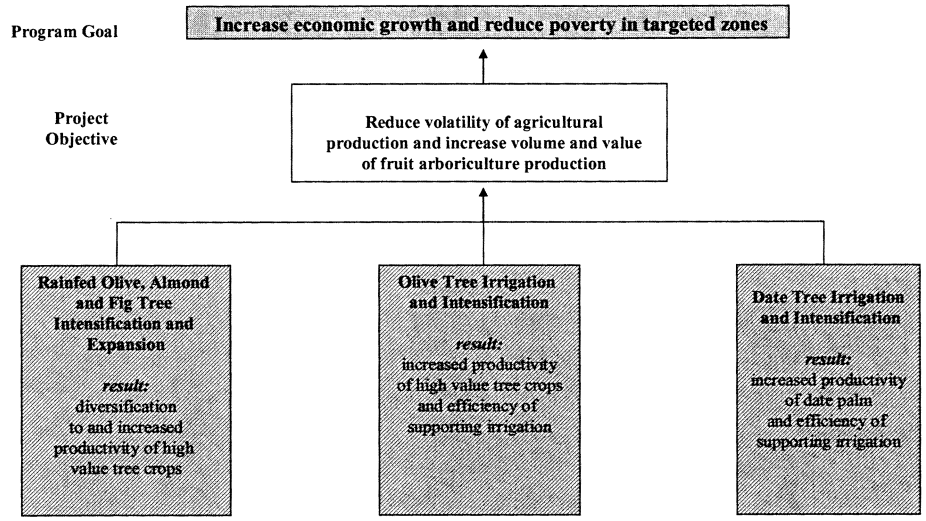
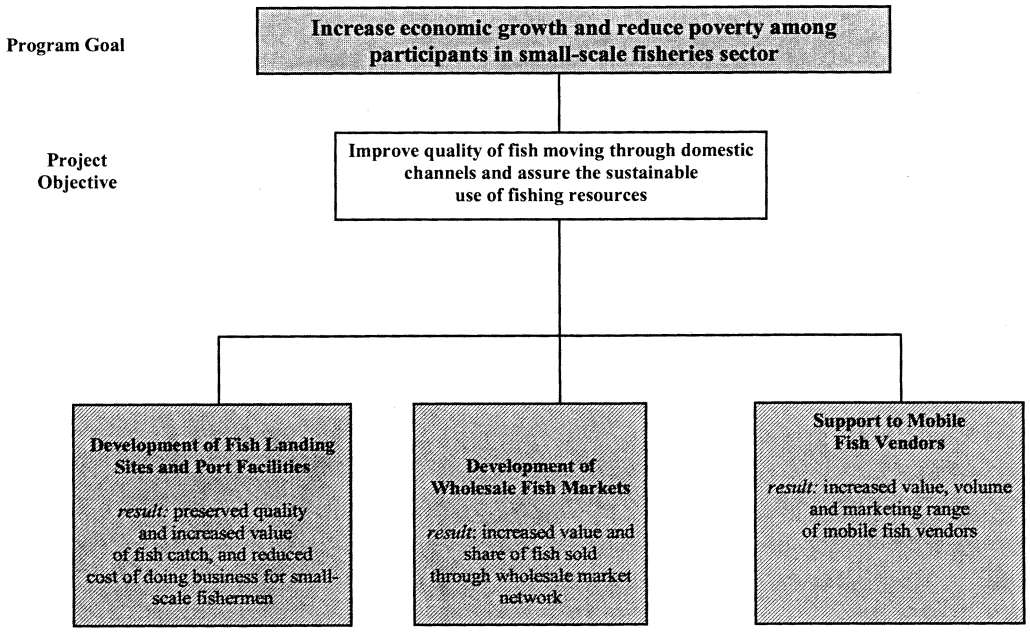
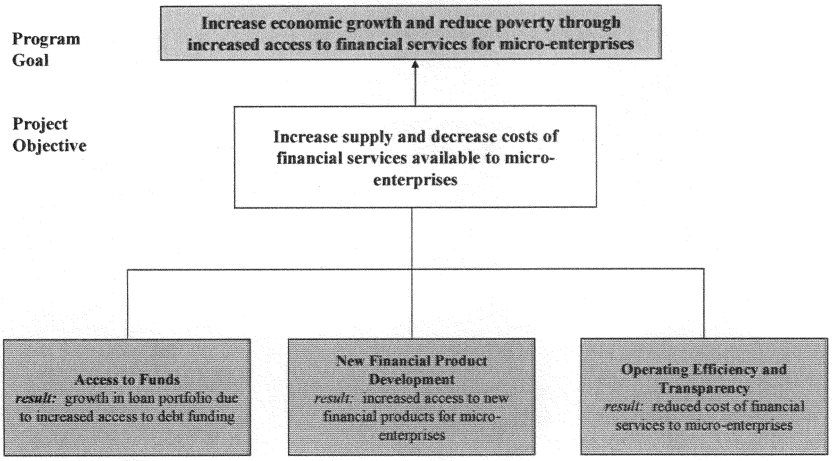
Fruit Tree Productivity Project
Logic Model



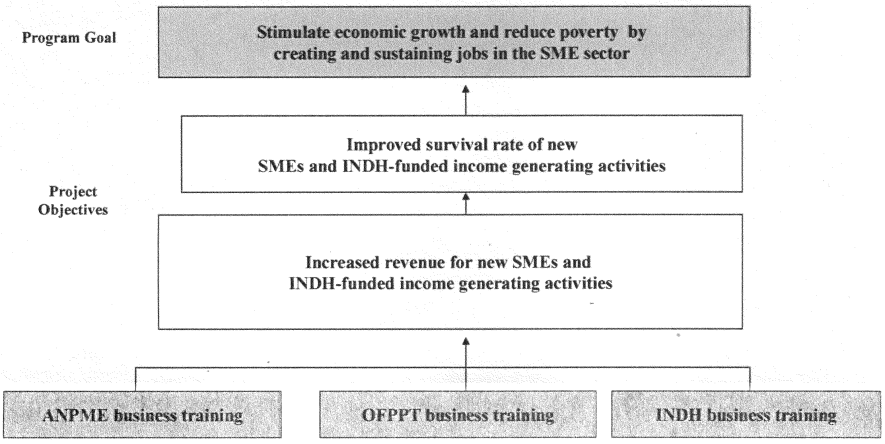
Small-Scale Fisheries Project
Logic Model



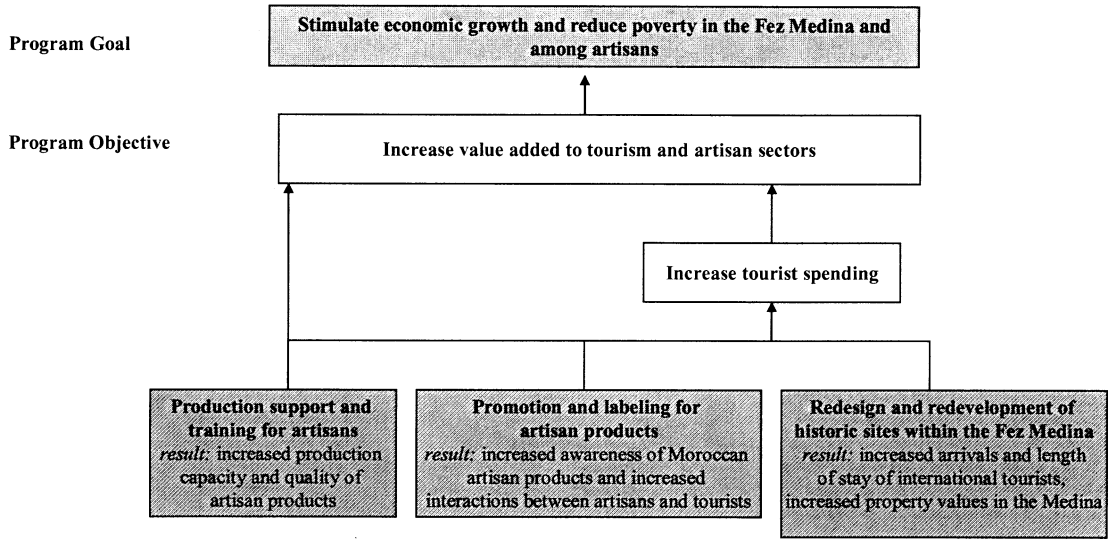
Financial Services Project
Logic Model



Enterprise Support Project
Logic Model



Artisan and Fez Medina Project
Logic Model



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3. Monitoring Component

To monitor progress toward the achievement of the impact and outcomes, the Monitoring Component of the M&E Plan will identify (a) the indicators, (b) the definitions of the indicators, (c) the sources and methods for data collection, (d) the frequency for data collection, (e) the party or parties responsible, and (f) the timeline for reporting on each indicator to MCC.

Further, the Monitoring Component will track changes in beneficiary income during the Compact Term. Before the disbursement of funds for each Project, MCA-Morocco will collect baseline data on beneficiary income or verify already collected beneficiary income data. One method for measuring and calculating beneficiary income across all projects will be agreed upon between MCC and MCA-Morocco before entry into force of this Compact.

(a) Indicators. The M&E Plan will measure the results of the Program using quantitative, objective and reliable data (''Indicators''). Each indicator will have benchmarks that specify the expected value and the expected time by which that result will be achieved (''Target''). The M&E Plan will be based on a logical framework approach that classifies indicators as goal, objective, outcome, and output. The Compact Goal indicators (''Goal Indicators'') will measure the poverty reduction goal for each Project. Second, the Objective Indicator (''Project Objective Indicators'') will measure the final result of each Project. Third, Outcome and Output Indicators (''Project Activity Indicators'') will measure the early and intermediate results of the Project Activities. For each Project Activity Indicator, Project Objective Indicator, and Goal Indicator, the M&E Plan will define a strategy for obtaining and verifying the value of such indicator prior to undertaking any activity that affects the value of such Indicator (such value, a ''Baseline''). All indicators will be disaggregated by gender, income level and age, and beneficiary types to the extent practicable. Subject to prior written approval from MCC, MCA-Morocco may add indicators or refine the definitions and Targets of existing indicators.

(i) Goal and Project Objectives. The M&E Plan will contain the Goal and Objective Indicators listed in the table below specifying the definition, unit of observation, baseline, and end of Compact Target for each.

Indicator	Definition of indicators	Unit of measurement	Baseline	Year 5
Agricultural net revenue per farm.	Average agricultural net revenue per farm benefiting from MCA Project.	$/household/year ..	1,131 in rain-fed; 1,756 in PMH; 2,082 in oasis.	Increase over comparison farms in year 10: 64% rain-fed, 62% PMH, 52% oasis. [2]
Wages and Profits	Change in wages and profits of tourism related businesses in Fez.	Million $/year	113	Increase 79% over baseline and 8% over predicted counterfactual.
Wages and Profits	Changes in wages and profits of artisans in the intervention areas: potters in Fez and Marrakech, all artisans working in the fondouks, the Makina & Place Lalla Ydouna.	$/month	TBD after collection of baseline data ..	TBD after collection of baseline data.

Indicator	Definition of indicators	Unit of measurement	Baseline	Year 5
Total tourist spending in Fez.	Total annual tourism spending in Fez	Million $/year	226	Increase 79% over baseline and 8% over predicted counterfactual.
Number of active clients of microfinance institutions.	Number of individuals who are active clients. A person with more than one account with the institution is counted as a single client in this measure.[3]	Persons	1.2 million	4 million.

[2] Year 10 target.
[3] Target assumes a natural growth of 30 percent in the number of clients. MCC economic analysis estimates that the increase in clients due to the Project will range from .25 to 1 percent above the natural growth rate. Of the 4 million, 43,000 to 174,000 new clients are as a result of the Project.

(ii) Project Activity Indicators. The M&E Plan will contain Project Activity Indicators which will measure the results for the five main Projects and are listed below with their definitions and units of observation. Prior to the disbursement of MCC Funding for any Project Activity, the Implementing Entity of that Project Activity must propose a final set of Activity Indicators that is approved in writing by its Project Manager, MCA-Morocco and MCC. The M&E Plan will be amended to reflect the addition of such indicators.

Indicators	Definition	Unit of measurement	Baseline	Year 5
Project 1: Fruit Tree Productivity				
Total annual volume of production of dates and olives.	Total volume of production of olives and dates on farms benefiting from MCA Project rehabilitation activities.	000 metric tons (MT).	Rain-fed: 50.4; PMH: 28.4; Oasis: 13.7.	Increase over baseline: Rain-fed: 45%; PMH: 30.2%; Oasis: 26.7%.
Total annual value of production of dates and olives.	Total value of production of olives and dates at the farm gate on farms benefiting from MCA Project rehabilitation activities.	Millions US$	Rain-fed: 20.75; PMH: 12.1; Oasis: 5.36.	Increase over baseline: Rain-fed: 45%; PMH: 30.2%; Oasis: 26.7%.
Rain-fed Olive, Almond and Fig Tree Intensification and Expansion				
Cropped area covered by olive trees.	Share of per farm cropped area targeted by the project that is covered by olive trees as a percentage of SAU, on farms benefiting from MCA Project.	%	24	37.
Survival rate of newly planted olive trees after 2 years project-supported establishment period.	Number of olive trees alive as a share of total number planted under MCA project.	%	N/A	95.
Yield of rehabilitated olive trees.	Yield of rehabilitated olive trees on farms benefiting from MCA Project.	MT/ha	1.11	1.44.
Olive Tree Irrigation and Intensification				
Cropped area covered by olive trees.	Share of per farm cropped area targeted by the project that is covered by olive trees as a percentage of SAU, on farms benefiting from MCA Project.	%	50	66.
Yield of rehabilitated olive trees.	Yield of rehabilitated olive trees on farms benefiting from MCA project.	MT/ha	1.96	2.94.
Date Tree Irrigation and Intensification				
Cropped area covered by date trees.	Share of per farm cropped area targeted by the project that is covered by date trees as a percentage of SAU, on farms benefiting from MCA Project.	%	56	76.

Indicators	Definition	Unit of measurement	Baseline	Year 5
Yield of rehabilitated date palms.	Yield of rehabilitated date palms, by tree and unit area.	MT/ha	1.69	2.17.
Project II: Small-Scale Fisheries				
State of fish stock	State of the fish stock fished for a basket of fish species by zone and scored according to the following categories: Underutilized, fully utilized, over-fished or recovering.	Scale rating for a basket of fish species from under-utilized to recovering.	[4] TBD	Fish stock not fished beyond fully utilized.
Domestic fish consumption level.	Average annual per capita consumption.[5]	kg/person/year	12	14.
Development of Fish Landing Sites and Port Facilities				
Fisherman net revenue.	Average annual net revenue for fishermen accessing PDA facilities benefiting from MCA Project.	US$/fisherman/year.	3,887	Increase 30% over baseline.
Average fisherman sales price at PDA.	Average sales price received by small scale fisherman at PDA for a basket of fish.[5]	MAD/kg	37.57	Increase 19% over baseline.
Development of Wholesale Fish Markets				
Volume sold at wholesale markets.	Total volume of fish sold among 6 wholesale markets targeted for MCA investment.	MT	66,446	Increase 35% over the baseline value.
Fish sale price	Average sale price at 6 wholesale markets targeted for MCA investment for an established basket of fish species.[5]	MAD/kg	7	Increase 5% over the baseline value.
Support to Mobile Fish Vendors				
Average sales price	Average sale price of fish sold to a consumer for a representative basket of fish.[6]	MAD/kg	5	Increase 15% over baseline.
Volume of sales among mobile fish vendors.	Average daily volume of fish sold	kg/day	240	Increase 10% over baseline.
Project III: Artisan and Fez Medina				
Average revenue of potters receiving Artisan Production Activity (Marrakech & Fez).	Average revenue of potters	US$/year	5,238	Increase of 15% over baseline.
Employment and wages among Project graduates.	OFPPT trainees' income wages, employment levels.	US$ and %	TBD after collection of baseline data	TBD after collection of baseline data.
Tourist arrivals	Annual number of tourists arriving to city of Fez.	Tourists	350,000	Increase of 67% over the baseline value.
Artisan profits (artisans engaged in product finishing and points of sale).	To be defined upon completion of design competitions.	US$/year	TBD after design competition award	TBD after design competition award.
Employment created.	Number of person days of employment created.	person days	TBD after design competition award	TBD after design competition award.
SME value added	Value added of firms targeted for promotional support.	US$	TBD after targeted firms are identified	TBD after targeted firms are identified.

Indicators	Definition	Unit of measurement	Baseline	Year 5
Project IV: Financial Services				
Gross loan portfolio outstanding of microcredit associations (AMCs).	All outstanding principal for all outstanding client loans, including current, delinquent and restructured loans, but not loans that have been written off. It does not include interest receivable. It does not include employee loans.[7]	US$	411,764,706	1,176,470,588
Portfolio at risk > 30 days ratio.	Portfolio at Risk > 30 days/Gross Loan Portfolio for all active AMCs.	%	1.5	1
Operating Expense Ratio	Expenses related to operations, such as all personnel expenses, rent and utilities, transportation, office supplies, and depreciation/average loan portfolio outstanding for all active AMCs.	%	20	17
Project V: Enterprise Support				
Average annual sales of participating businesses.	Average annual sales per full-time-equivalent.	US$	TBD after collection of baseline data	Increase of US$588 in 2007 prices as compared to a control group.[8]
Survival rate of participating businesses.	Survival rate of SMEs receiving training.	%	TBD after collection of baseline data	Increase of 10% as compared to a control group.[9]

[4] Fish species to compose basket and accompanying values for baseline stock assessments will be calculated before Project Activities begin.
[5] Fish consumption will be measured in areas served by wholesale markets benefiting from MCA investments.
[6] Basket of fish to be determined before EIF.
[7] Target assumes a natural growth rate of 30 percent in number of clients.
[8] The methodology should be difference in difference: The difference in the mean increase in sales comparing treatment group verses control group should be greater than US$588 (5,000 MAD) at 2007 prices. This mean difference should be statistically significant at the ten percent level, and the official Moroccan consumer price index should be used to deflate values in prices of future years to 2007 prices.
[9] Example: 70 percent of firms in the treatment group survive to the end of year 2 and 60 percent of firms in the control group survive to the end of year 2. Since 70 is 16.6 percent higher than 60, the 10 percent criteria is satisfied.

(b) Data Collection and Reporting: The M&E Plan will establish guidelines for data collection and a reporting framework, including a schedule of MCC's Program reporting requirements and an identification of responsible parties. Compliance with data collection and reporting timelines will be conditions for disbursements for the relevant Project Activities as set forth in the Program Implementation Agreement. The M&E Plan will specify the data collection methodologies, procedures, and analysis required for reporting on results at all levels. The M&E Plan will also establish one method for measuring and calculating beneficiary income across all projects, in addition to describing any interim MCC approvals for data collection, analysis, and reporting plans.

(c) Data Quality Reviews: As determined in the M&E Plan or as otherwise requested by MCC, the quality of the data gathered through the M&E Plan will be reviewed to ensure that data reported are as valid, reliable, and timely as resources will allow. The objective of any data quality review will be to verify the quality and the consistency of performance data, across different implementation units and reporting institutions. Such data quality reviews also will serve to identify where those levels of quality are not possible, given the realities of data collection.

(d) Management Information System: The M&E plan will describe the information system that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is at all times accessible and useful to those who wish to use it. The system development will take into consideration the requirement and data needs of the components of the Program, and will be aligned with MCC existing systems, other service providers, and government ministries.

(e) Role of MCA-Morocco. The monitoring and evaluation of this Compact spans across five discrete Projects and will involve a variety of governmental, non-governmental, and private sector institutions. MCA-Morocco holds full responsibility for implementation of the M&E Plan. MCA-Morocco will oversee all Compact-related monitoring and evaluation activities conducted by each of the Projects, ensuring that data from all implementing entities is consistent, and accurately reported and aggregated into regular Compact performance reports as described in the M&E Plan.

4. Evaluation Component

The Evaluation Component of the M&E plan will contain three types of evaluations: Impact Evaluations, Project Performance Evaluations, and Special Studies. Plans for each type of evaluation will be finalized before MCC Disbursement or re-disbursement of an MCC Disbursement for specific Program or Project activities. The Evaluation Component of the M&E Plan will describe the purpose of the evaluation, methodology, timeline, required MCC approvals, as well as the process for collection and analysis of data for each evaluation. The results of all evaluations will be made publicly available in accordance with MCC M&E Guidelines.

(a) Impact Evaluation: The M&E plan will include a description of the methods to be used for impact evaluations and plans for integrating the evaluation method into project design. Based on in-country consultation with stakeholders, the following strategies

outlined below were jointly determined as having the strongest potential for rigorous impact evaluation. The M&E plan will further outline in detail these methodologies. Final impact evaluation strategies are to be jointly determined before the approval of the M&E plan and before entry into force of this Compact. The following are a summary of the potential impact evaluation methodologies:

(i) Enterprise Support Project: The pilot phase of the Enterprise Support Project will be assessed through an impact evaluation using randomized treatment and control groups. The pilot program will include business training for approximately 600 small businesses and a control group of approximately equal size (as determined by the evaluation design). Results will be used to decide whether or not to expand Project activities in Year 3 of the Compact Term. The impact of training and technical support will be assessed based on the enterprise support economic rate of return model agreed by the Parties. For each pilot program assessed, a minimum sample size will be established by the impact evaluation design before the pilot begins. Once data is available from the minimum sample of firms, or at the mid-term review, whichever comes first, such data will be used to calculate the economic rate of return using the model to be included as part of the M&E Plan. A pilot program will be scaled up only if the economic rate of return from the model is above 15 percent and the results are statistically significant at the ten percent level.

(ii) Technical Assistance and Training for Fruit Tree Producers: The purpose of the impact evaluation is to evaluate the effectiveness of technical assistance and the extension methods used in the Project. The evaluation would focus on rehabilitation activities under the Project to refine the effectiveness of technical assistance which will be based from the outset on best practices.

(iii) Improvement of Operating Efficiency and Transparency in the Financial Services Sector: There are two potential evaluation designs under consideration for the Financial Services Project. The first evaluation would assess technologies funded through the Support to Innovative Technologies Activity. The purpose of the evaluation is to learn which of the technologies funded through the grant facility is most effective for lowering operating costs and expanding access to credit. The facility would structure awards so that technology programs could be evaluated using credible control or comparison groups. As such, the grant facility would require that microfinance associations receiving grants participate in the evaluation of the technology proposed. A second evaluation under consideration would assess the extent to which mobile branches funded through this Compact are effective in expanding access to credit as compared to fixed branches or other methods.

(iv) New Financial Product Development: If the financial sector transformation activities allow, the Financial Services Project will develop an evaluation of the new products available to micro-enterprises. This impact evaluation could provide additional information on how best to market the new products to institution clients and identify which products are most effective at improving household income.

The M&E plan also will specify different modes of contracting to carry out the evaluations, including independent and specialized contractors and agreements where necessary.

(b) Project Performance Evaluations. The M&E Plan will make provision for project level evaluations. MCA-Morocco, with the prior written approval of MCC, will engage independent evaluators to design the Project Performance Evaluations to be conducted at the midpoint and at the end of each Project. Or, at MCC's election, MCC will engage the independent evaluators. The Project Performance Evaluations must at a minimum (i) evaluate the efficiency and effectiveness of the Project Activities; (ii) estimate, quantitatively and in a statistically valid way, the causal relationship between the expected impact (to the extent possible), the intended outcomes and outputs; (iii) determine if and analyze the reasons why this Compact Goal, Program Objectives and Project Objectives were or were not achieved; (iv) identify positive and negative unintended results of the Program; (v) provide lessons learned that may be applied to similar projects; (vi) assess the likelihood that results will be sustained over time; and (vii) any other guidance and direction that will be provided in the M&E Plan. To the extent engaged by MCA-Morocco, such an independent evaluator will review the plans for the collection of baseline data and, as applicable, plans for selecting comparison groups.

(c) Special Studies. The M&E plan will include a description of the methods to be used for Special Studies funded through this Compact or by MCC. Based on in-country consultations, the following Special Studies should provide crucial information in evaluating the success of the Financial Services Project:

(i) Assessment of the Microcredit Sector: A reporting system will be established to inform the extent to which lending by microcredit institutions to clients is higher with Jaida than in its absence. This will entail recording baseline data going back several years before entry into force of this Compact and updating this data throughout implementation of the Program. Data is likely to include information on the key assets and liabilities of microcredit associations as well as the distribution of funding sources. Details of this reporting system will be agreed to by the Parties.

(ii) Assessment of Return to Investments Made with Microcredit: A small panel survey will be conducted at regular intervals to estimate the economic returns that microcredit clients are earning on their loans. Details of this tracking survey will be agreed to by the Parties before entry into force of this Compact.

Plans for conducting the Special Studies described above will be determined jointly between MCA-Morocco and MCC before the approval of the M&E plan and before entry into force of this Compact. The M&E plan will identify and make provision for any other special studies, ad hoc evaluations, and research that may be needed as part of the monitoring and evaluating of this Compact. Either MCC or MCA-Morocco may request special studies or ad hoc evaluations of Projects, Project Activities, or the Program as a whole prior to the expiration of the Compact Term. When MCA-Morocco engages the evaluator, the evaluator will be an externally contracted and independently source selected by MCA-Morocco. The aforementioned engagement will be subject to the prior written approval of MCC, following a tender in accordance with the MCC Program Procurement Guidelines, and otherwise in accordance with any relevant Implementation Letter or supplemental agreement. Contract terms for all evaluations will prevent project implementers from biasing results or inhibiting the publication of results. MCC will approve terms of reference, selection of evaluation panels, data collection plans, and evaluation implementation plans.

(d) Request for Ad Hoc Evaluation or Special Study: If MCA-Morocco requires an ad hoc independent evaluation or special study at the request of the Government of Morocco for any reason, including for the purpose of contesting an MCC determination with respect to a

Project or Project Activity or to seek funding from other donors, no MCC Funding or MCA-Morocco resources may be applied to such evaluation or special study without MCC's prior written approval.

5. Other Components of the M&E Plan

In addition to the Monitoring and Evaluation Components, the M&E Plan will include the following components for the Program, Projects and Project Activities, including, where appropriate, roles and responsibilities of the relevant parties and providers:

(a) Costs. A detailed cost estimate for all components of the M&E Plan.

(b) Assumptions and Risks. Any assumptions and risks external to the Program that underlie the accomplishment of the Objectives and Project Activity Outcomes. However, such assumptions and risks will not excuse Parties' performance unless otherwise expressly agreed to in writing by all Parties.

6. Implementation of the M&E Plan

(a) Approval and Implementation. The approval and implementation of the M&E Plan, as amended from time to time, will be in accordance with this M&E Annex, PIA, and any other relevant supplemental agreement.

(b) Modifications. Notwithstanding anything to the contrary in this Compact, including the requirements of this M&E Annex, MCC and the Government (or a mutually acceptable Government affiliate or permitted designee) may modify or amend the M&E Plan or any component thereof, including those elements described herein, without amending this Compact; provided, any such modification or amendment of the M&E Plan has been approved by MCC in writing and is otherwise consistent with the requirements of this Compact and any relevant supplemental agreement between the Parties.

[FR Doc. E7–18265 Filed 9–14–07; 8:45 am]

BILLING CODE 9211–03–P

NATIONAL SCIENCE FOUNDATION

Notice of Permits Issued Under the Antarctic Conservation Act of 1978

AGENCY: National Science Foundation.

ACTION: Notice of permits issued under the Antarctic Conservation of 1978, Public Law 95–541.

SUMMARY: The National Science Foundation (NSF) is required to publish notice of permits issued under the Antarctic Conservation Act of 1978. This is the required notice.

FOR FURTHER INFORMATION CONTACT: Nadene G. Kennedy, Permit Office, Office of Polar Programs, Rm. 755, National Science Foundation, 4201 Wilson Boulevard, Arlington, VA 22230.

SUPPLEMENTARY INFORMATION: On June 13, 2007, the National Science Foundation published a notice in the **Federal Register** of a permit application received. A permit was issued on September 11, 2007 to: Rachael Morgan-Kiss, Permit No. 2008–005.

Nadene G. Kennedy,

Permit Officer.

[FR Doc. E7–18125 Filed 9–14–07; 8:45 am]

BILLING CODE 7555–01–P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Meeting of the Industry Trade Advisory Committee on Small and Minority Business (ITAC–11)

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of a Partially Opened Meeting.

SUMMARY: The Industry Trade Advisory Committee on Small and Minority Business (ITAC–11) will hold a meeting on Thursday, September 20, 2007, from 9 a.m. to 3:30 p.m. The meeting will be closed to the public from 9 a.m. to 12 p.m. and opened to the public from 1 p.m. to 3:30 p.m.

DATES: The meeting is scheduled for September 20, 2007, unless otherwise notified.

ADDRESSES: The meeting will be held at the U.S. Department of Commerce, 14th & Constitution Avenue, NW., Washington, DC 20230, Room 3407.

FOR FURTHER INFORMATION CONTACT: Laura Hellstern, DFO for ITAC–11 at (202) 482–3222, Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION: During the opened portion of the meeting the following agenda items will be considered.

- *Export Financing Issues.* Information on what type of loans, how many loans and what dollar amount in loans are made to small/minority businesses vs. large businesses in the U.S. by Ex-Im Bank through the Small Business Administration.
- *Americas Competitiveness Forum.* An update on the accomplishments made by the Americas Competitiveness Forum, which was held in Atlanta in June 2007. A projection on what plans are being made for a follow up to the forum in 2008.
- *Update on Programs Offered by the U.S. and Foreign Commercial Service.* A briefing and update on programs and services that are available to small and minority businesses through the U.S. and Foreign Commercial Service.

Tiffany M. Moore,

Assistant U.S. Trade Representative for Intergovernmental Affairs and Public Liaison.

[FR Doc. E7–18301 Filed 9–14–07; 8:45 am]

BILLING CODE 3190–W7–P

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Opportunity To Apply for Nominations to the World Trade Organization Dispute Settlement Indicative List of Potential Panelists

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of opportunity to apply for nomination by the United States to the indicative list of non-governmental potential panelists provided for in Article 8.4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (''DSU'') and in the Decision on Certain Dispute Settlement Procedures for the General Agreement on Trade in Services (''GATS'') of the World Trade Organization (''WTO'').

SUMMARY: The Office of the United States Trade Representative is seeking to update the current list of U.S. non-governmental individuals on the indicative list of potential panelists maintained by the WTO Secretariat, as provided for in Article 8.4 of the DSU. The DSU provides a mechanism for the settlement of disputes between the Members of the WTO. A three-person panel conducts each dispute settlement proceeding and issues a report for consideration by the Dispute Settlement Body (''DSB''). The indicative list assists in selecting panelists for dispute settlement proceedings; panelists often are drawn from the indicative list, although there is no requirement to do so. Article 8.4 of the DSU also provides for periodically updating the indicative list. Section 123(b) of the Uruguay Round Agreement Act (''URAA''), Public Law 103–405, provides that the Trade Representative shall seek to ensure that persons appointed to the WTO indicative list are well-qualified and that the indicative list includes persons with expertise in all of the subject matters covered by the Uruguay Round Agreements. USTR invites