

| 1. Project Data: | | Date Posted : 03/23/2009 | |
|---------------------|---|--------------------------|----------------------------|
| PROJ ID : P048314 | | Appraisal | Actual |
| Project Name : | Morocco Protected Areas Management Project | Project Costs (US\$M): | US\$ 15.7 M / US\$ 14.43 M |
| Country: | Morocco | Loan/Credit (US\$M): | US\$ 10.5 M / US\$ 8.8 M |
| Sector Board : | ENV | Cofinancing (US\$M): | |
| Sector(s): | Central government administration (95%) Other social services (5%) | | |
| Theme(s): | Biodiversity (29% - P) Environmental policies and institutions (29% - P) Participation and civic engagement (28% - P) Rural non-farm income generation (14% - S) | | |
| L/C Number: | | | |
| | | Board Approval Date : | 01/27/2000 |
| Partners involved : | | Closing Date : | 06/30/2006 / 06/30/2008 |
| Evaluator : | Panel Reviewer : | Group Manager : | Group : |
| John Redwood | Kris Hallberg | Monika Huppi | IEGSG |

2. Project Objectives and Components:

a. Objectives:

The project's "strategic" objective was to contribute to sustainable development in Morocco by conserving its natural resources and biodiversity.

Its specific development objectives (against which project performance and outcome will be assessed) were:

- (1) to improve conservation of globally significant ecosystems and species in Morocco
- (2) to contribute to the establishment of a system of Protected Areas (PAs) in Morocco; and
- (3) to strengthen the institutional capacity for sustainable conservation management in Morocco .

According to the PAD, "secondary" objectives included increasing public awareness of and support to sustainable conservation management and creation of a base for sustainable ecotourism development in the future .

While the objectives were not revised during implementation, according to the ICR, during the mid -term review (MTR) mission in 2006, the wording of DO (2) was "clarified" by inserting the word "sustainable" before "system of Protected Areas."

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components (or Key Conditions in the case of DPLs, as appropriate):

1. National Capacity Building (appraisal cost: US\$ 3.5 M; actual cost: US\$ 4.23 M) - this component included formulation of national Protected Areas legislation, institutional strengthening, and project management .
2. National Parks Management (appraisal cost: US\$ 7.6 M; actual cost: US\$ 5.48 M) - this component was designed to support the establishment and management of four National Parks; eventually, five Parks were created under the project with the upgrading of one of the Reserves .
3. Reserves Management (appraisal cost: US\$ 3.9 M; actual cost: US\$ 3.43 M) - this component was designed to support the establishment and management of ten Reserves (a lesser category of Protected Areas), but only five were eventually supported under the project .
4. Public Awareness and Education (appraisal cost: US\$ 0.7 M; actual cost US\$ 1.28 M) - this component involved public awareness and training campaigns with respect to the importance and management of biodiversity in general and Protected Areas in particular .

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Due to two year delay in initiating the project and the resulting low commitment /disbursement rates and backlog of project activities, the closing date had to be extended for two years and the number of Reserves to be benefitted reduced from ten to five at the time of the MTR . As a result of these and a few other changes -- abandonment of several of the originally planned scientific studies and expansion of the public awareness component -- resources were reallocated across project components from "hardware" (mainly planned civil works in PAs) to "software" activities. This is reflected in the differences between appraisal and actual component costs indicated above . Delays caused by the complex financial management arrangements for the project also resulted in the inability to use all of the GEF grant funds despite the two year extension, explaining the difference between the amount actually utilized and the initial total with the balance being cancelled .

3. Relevance of Objectives & Design:

Relevance of project objectives was -- and continues to be - **high** while that of project design was **modest**, resulting in an overall relevance rating of **substantial** .

Because of its location and topography Morocco is the richest Mediterranean country in terms of fauna and possesses a wide variety of habitats and species, ranging from mountain and lowland forests, grasslands, and wetlands to coastal lagoons and marine environments . However, less than 1 percent of its territory had some form of active protection at the time of appraisal when a key issue was -- and, according to the ICR, still is -- how best to promote improved sustainable natural resource and environmental management while involving local populations dependent on these resources . The project would also support participation of local communities and NGOs in project design and implementation . Global benefits were expected to accrue from sustainable conservation and management of parks, including some unique flora and fauna in at least 30 different ecosystems . Over the long term, it was expected that sustainable natural resource management would improve the livelihoods of local communities and create the basis for developing an ecotourism industry . The project's objectives were also fully consistent with the Bank's contemporary and present CASs for Morocco and its forestry strategy .

The project was designed to assist the government in establishing and managing a network of National Parks and Reserves and to foster a sustainable partnership between the populations in and near these PAs and the Ministry of Water and Forestry (MWF). This would be achieved by reinforcing the Ministry's capacity to plan and regulate biodiversity at the national and local levels in three National Parks and ten Reserves . In retrospect, however, project design was too ambitious as, despite the significant extension of the implementation period, it was only possible to support half of the Reserves originally anticipated, while the financial management mechanism chosen proved to be a major impediment to the smooth flow of funds to the project areas, resulting in considerable delays .

4. Achievement of Objectives (Efficacy):

On balance, achievement of project development objectives (efficacy) was **substantial** , specifically:

(1) Improving conservation of globally significant ecosystems and species . The key indicators for measuring attainment of this objective were regeneration of vegetative cover and incorporation of the results of scientific research in the PA management plans for key ecosystems . At project closing, some 475 hectares of vegetative cover had been regenerated and a national strategy for ungulates (especially bighorn sheep and gazelles) had been prepared and some 1,650 of enclosures established . However, a number of the planned scientific studies were later reoriented or cancelled at the MTR, while delays and shortcomings in establishing the M & E system (see the relevant section below) resulted in limited "hard data" on the project's impact on biodiversity conservation . According to the ICR, "substantial" conservation activities were nevertheless carried out on the ecosystems and local species and their long-term impacts, while "not fully known at this stage," are expected to be positive . In retrospect, the ICR

acknowledges that project objectives may have been too ambitious for a single operation of this type, especially in terms of the number of Reserves to be improved (see the next item). On balance, achievements with respect to ecosystem conservation, as well as in relation to the broader strategic objective of contributing to sustainable development in Morocco by conserving its natural resources and biodiversity, while positive, were **modest**.

(2) Contributing to the establishment of a sustainable system of Protected Areas . The overall approach adopted in relation to this objective was to prepare and implement comprehensive management plans (PAGs) for each Park and Reserve, supported by community development plans (PDDs), and provision of financing to local communities for conservation-related activities through a small grants (PPD) program administered by local NGOs. According to the ICR, the finalized management plans for the Parks were officially approved "too late (2007/2008) to be of much use as a planning tool" and, with a three year horizon, were too short for "effective long-term planning." Plans for the Reserves, while generally less detailed and for a longer period, were limited to five of the ten areas originally anticipated, although one of these five Reserves was upgraded to National Park status "due in part to the PMU's active preparation work and effective lobbying," Without the initial PAGs, however, formulation of the PDDs "lacked direction" and evolved into broader integrated rural development plans, which could not be implemented with the resources and instruments available under the project . The PPDs then became primarily a source of financing for income-generating activities "without the benefit of a systematic feedback system of implementation and feedback indicators," although they succeeded in engaging local communities in and around the PAs . As an overall result, 4 National Parks and 4 Reserves now have "a minimum of management personnel, basic infrastructure, transportation, and equipment, including support to ecotourism in 3 of the Parks and 3 of the Reserves. Local communities have also benefitted and the project made progress in creating partnerships with two national NGOs and other assistance providers (including GTZ, USAID, and WWF). On balance, despite the shortcomings mentioned above, achievement of this objective was **substantial** as the project represented an important first step for the establishment of a sustainable system of Protected Areas in Morocco .

(3) Strengthening institutional capacity for sustainable conservation management . This objective was to be achieved primarily through training of personnel, establishment of an information /monitoring structure for ecosystems, and implementation of a public awareness program . Significant progress was made in terms of capacity building, including establishment of the High Commission, which replaced the MWF, passages of a new Protected Areas Law (at the very end of the project period), a two-year specialization course in PA management at the National Forest Engineers School in 2005, and other technical training courses . A geographic information system (GIS) was set up at the High Commission's headquarters and in three Parks for biodiversity monitoring and management purposes. However, it was not fully operational at project closing since studies for the thematic base maps were still being finalized. The communication strategy for raising public awareness and knowledge about PAs was launched and has generated a number of relevant outputs including videos, an atlas, brochures, and a dedicated website . While the ICR observes that, it is difficult to accurately measure the increase in awareness, there is "ample anecdotal evidence that the public has indeed become more knowledgeable and conscious about conservation issues " both in the "intervention areas but, also, encouragingly, in the main cities as well ." Accordingly, achievement of this objective was also **substantial** .

5. Efficiency (not applicable to DPLs):

Given the nature of this project no ERR or FRR was estimated either at appraisal or closing . As required by GEF, an incremental cost analysis was carried out at appraisal and detailed in an annex in the PAD but was not replicated in the ICR. According to the ICR, the evidence from the activities in each of the PAs supported under the project "demonstrates that the modest project efforts have already achieved positive results in terms of conservation which will ensure their sustainability and generate income and jobs through increased ecotourism ." However, activities for 5 of the 10 initially expected Reserves were later dropped and the Government decided not to utilize the full grant preferring instead to request a larger follow-on project. Together with these factors, the significant implementation delays that required the two year extension suggest that project efficiency was **modest**.

a. If available, enter the **Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :**

| | Rate Available? | Point Value | Coverage/Scope* |
|--------------|-----------------|-------------|-----------------|
| Appraisal | No | | |
| ICR estimate | No | | |

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

Based on the partial ratings of "substantial" for relevance of project objectives and design and efficacy and

"modest" for efficiency, IEG agrees with the ICR that its outcome was **moderately satisfactory** . According to the ICR, "in spite of all the problems encountered during implementation, the ...project was able to achieve some important results on the ground and also prepare the way for the next phase in the sustainable management of protected areas and the conservation of its resources ." It also affirms that while project implementation picked up in the final months, there was "never a concerted effort by the project team to resolve the crippling delays in disbursement, so the project will leave some of the activities unfinished at closure " even though the Government is reportedly committed to completing these activities with its own resources . The project nevertheless deserves credit for enhancing public awareness about the importance of conservation and facilitating passage of the new Protected Areas Law, which the ICR indicates will now provide the High Commission with the resources it needs to sustain the PA network that the project helped to develop .

a. Outcome Rating : Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

While the project did not fully accomplish its objectives, it succeeded in strengthening the national institution responsible for management of the Protected Area system, facilitated promulgation of the new Protected Areas Law, and raised public awareness regarding the importance of biodiversity conservation . According to the ICR, "key political decisions" taken while the project was under implementation testify to the "increasing importance" that the Moroccan Government gives to biodiversity conservation including the creation of a High Commission for Water and Forests in 2005, which now contains a division dedicated specifically to National Parks and Reserves administration, and the creation of four new Parks . Rather than further extending the present project, as originally expected, the Government decided to close it and cancel the unused portion of the grant . Instead it has now formally requested Bank support for a follow-on PA operation (most likely to be financed by a blend of an IBRD loan and a second GEF grant), which is currently under preparation . According to the last TTL in a meeting with IEG subsequent to the ICR, this reflects both a strong interest in the environment and conservation on the part of the new King of Morocco and increased Government awareness of both the opportunities for greater ecotourism (which has grown significantly in recent years) and the need to safeguard National Protected Areas to assure their continued attractiveness and sustainability.

Despite these encouraging prospects, the ICR identifies "several negative issues, including the rigidity of the national treasury system (which, unless it is substantially streamlined and decentralized, will jeopardize any future park-based operations) and the increasing pressure (and attraction) to develop tourism facilities within the protected areas." According to the last TTL, prospects for substantially reforming or even altogether replacing SEGMA -- which impeded the smooth flow of project resources from the central government to the regions where the PAs were located and caused the significant implementation delays -- now appear to be good and may well be a condition for the Bank proceeding to support the proposed follow -on operation.

Thus, on balance, IEG agrees that the risk to the development outcome rating is **moderate** .

a. Risk to Development Outcome Rating : Moderate

8. Assessment of Bank Performance:

A QAG quality-at-entry (QAE) assessment found a number of shortcomings, including its classification for EA purposes and an understatement of project risks, but judged it satisfactory overall . However, the decision to go with the SEGMA financial mechanism, which according the last TTL appears to have been at the Bank's insistence, was largely responsible for the very significant start -up delays the project experienced .

These problems, moreover, were not resolved in a timely way during supervision . According to the ICR, "Bank supervision teams at the time failed to flag this as a critical issue requiring immediate management and government attention ." In addition, there was a high turnover rate of Bank TTLs (5 in 5 years) and management seems to have given little attention to the project and its performance problems . Largely as a result, a QAG quality of supervision review in September 2006 rated the project "highly unsatisfactory" observing that there was "every indication" that it had been "seriously neglected by the Bank ." This review also found that internal Bank reporting lacked realism and candor and had not adequately dealt with recurring problems including those flagged in the earlier QAE assessment . Following this second QAG review, supervision improved and, according to the ICR, "there was a corresponding increase in productivity and output " from the PMU in the "restructured" High Commission. Yet poor Bank performance, especially prior to the MTR, may have been a critical reason why the project did not have a fully satisfactory outcome .

a. Ensuring Quality -at-Entry:Moderately Unsatisfactory

b. Quality of Supervision :Unsatisfactory

c. Overall Bank Performance :Unsatisfactory

9. Assessment of Borrower Performance:

The Government was apparently committed to protecting the environment and the project objectives but, in the words of the ICR, "the institutional infrastructure may not have been in place for implementing such an innovative approach." More specifically, the SEGMA financial system "was not designed for the sort of decentralized, multi-point operation that the project needed." The PMU went through several changes during the course of the project, was substantially downsized after reorganization of the MWF, and failed to appoint full time financial and procurement specialists, all of which had an adverse effect on project implementation. Despite these shortcomings, the ICR credits the Government and PMU with persisting with the project, strengthening the new High Commission, passing a new Protected Areas Law, and learning "important lessons...about the need for flexibility in the national financial systems." It also recognizes the contributions of the "dedicated staff in the various National Parks and Reserves."

a. Government Performance :Moderately Unsatisfactory

b. Implementing Agency Performance :Moderately Unsatisfactory

c. Overall Borrower Performance :Moderately Unsatisfactory

10. M&E Design, Implementation, & Utilization:

M & E mechanisms were established for two distinct purposes : to review the status of the development of the various PAs and to track the evolution of the project itself. This resulted in some initial confusion but eventually the PMU implemented different measures for each. In the case of PAs, a scorecard monitoring system was formulated and tested at one site. It was then replicated in the other PAs, but, according to the ICR, "never really functioned in real time due to the logistical problems of supplying it continuously with timely and reliable data." For project M & E, the PMU initially followed physical and financial progress with an Excel spreadsheet but the resulting "sporadic reporting" was replaced in 2007 at the Bank's insistence was a "comprehensive Access-based database system linked to fact-sheets" to be submitted regularly by local and regional officials. However, this information was "only partially provided due to local unfamiliarity with the data collection process or inadequate monitoring of the quality and frequency of the data." Limited availability of reliable baseline data "made it difficult" to evaluate project impacts. As a result of these shortcomings, the ICR affirms that "the picture of the project's progress and impact is somewhat incomplete and tends to rely more on anecdotal evidence instead of scientific data," this being particularly the case for biodiversity conservation and income generating activities under the small grants component of the public awareness and education component. M & E design, therefore, can be rated **substantial** but implementation and utilization only **modest**.

a. M&E Quality Rating : Modest

11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):

The project was classified as Category C for environmental assessment purposes although this was twice questioned by QAG (once in a quality at entry assessment and again during a quality of supervision review) because of possible project impacts on the estimated 150,000 people living in or near project sites. This concern is a valid one, but, according to the ICR, the proposed civil works under the project were "minor" and even further reduced after the MTR and there were "no major environmental or social issues" in practice and "as far as possible, best practice techniques for mitigation measures were followed." However, the ICR does not elaborate further in this regard.

With respect to financial management (FM), as indicated above, there were major problems with the SEGMA system initially adopted for the project, contributing to significant flow of funds and associated implementation delays. According to the ICR, a change in the regulations of this system resulted in a two year delay in the launch of operations, as the Bank had not adequately anticipated the effect of the new SEGMA procedures, while the framework of these procedures "often left the project without funds...which caused significant delays in the payment of suppliers." The PMU also had difficulties applying Bank procedures for various reasons including the absence of a FM specialist in the PMU, inadequate training in FM issues, and the fact that the FM supervision system was only finalized in the final year of the project. The ICR concludes that "more systematic participation" of a Bank FM specialist during supervision would probably have helped resolve some of these problems sooner. There were also substantial delays and other problems with procurement, in part as a result of "considerable procedural confusion between Moroccan procurement regulations and project-specific Bank guidelines" and in part because of the

"project's cumbersome financial structure."

| 12. Ratings: | ICR | IEG Review | Reason for Disagreement /Comments |
|-------------------------------------|---------------------------|---------------------------|--|
| Outcome: | Moderately Satisfactory | Moderately Satisfactory | |
| Risk to Development Outcome: | Moderate | Moderate | |
| Bank Performance : | Moderately Unsatisfactory | Unsatisfactory | There were both design and even more serious supervision shortcomings, together with a significant rapid turnover of Bank TTLs and insufficient management attention to implementation delays. |
| Borrower Performance : | Moderately Unsatisfactory | Moderately Unsatisfactory | |
| Quality of ICR : | | Satisfactory | |

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

The ICR highlights several relevant lessons:

1. the critical importance of formulating early on a fully functional financial system to ensure the efficient flow of funds for implementation of project activities;
2. the necessity to formulate a realistic project design grounded in practical and achievable activities with solid and measurable outputs; and
3. decentralized, multipurpose projects require close, constant, and efficient supervision, so that adequate staffing and budgets must be allocated to achieve this level of oversight and support.

To this can be added, the importance of:

- (1) maintaining continuity of task team leaders to the extent possible, especially when borrower institutions are themselves in considerable flux; and
- (2) proactive management oversight and support to the task team for projects facing significant implementation problems for the very beginning.

14. Assessment Recommended? Yes No

15. Comments on Quality of ICR:

This is a very forthcoming and well-written ICR, which, among other things, seeks to provide a direct link between the achievements of and lessons learned from this project and preparation of the proposed follow-on operation, which are highlighted in a specific annex. It was unable, however, to provide final (i.e., definitive) project cost and disbursement data because of a formal 2 month extension by the Bank of the standard 4 month grace period for completing all outstanding disbursements, and could have provided more specific information on the 155 subprojects financed under the small grants component. There were also some errors in the aggregation of ratings for Bank and Borrower performance. Several of the annexes are in French, including a table presenting detailed project results by component and a draft of the new Protected Areas Law (which has now been formally passed). As some readers

may not be able to fully follow these Annexes not presenting them in English may limit their usefulness . However as the project closed at the end of June, there was some urgency in meeting the 6 month after closing deadline for formally submitting the ICR, which, according to the last TTL (and ICR author) meant that it was not possible to submit the final cost and disbursement figures (the deadline for which was December 31, 2008 and which have still not been provided by the Moroccan Government) or to translate the aforementioned Annexes into English .

No further assessment of this project per se is recommended at this time . However, should the proposed follow-on operation materialize and itself merit further evaluation on closing, it might be useful to take another look at this project as well as two interconnected phases of an ongoing program to consolidate the Protected Area network and strengthen biodiversity conservation in Morocco . Additionally (and alternatively), according to the TTL a very similarly designed "sister" Protected Area Management Project should soon be closing in neighboring Tunisia, and, depending of the results of its ICR and ICR Review, IEG may want to audit the two projects together for cross -country thematic learning purposes. The TTL in fact suggested that IEG, indeed, do so, because the Region is now attempting to interest other MENA countries (including Egypt) in taking the same approach and believes that a joint independent assessment of the Morocco and Tunisia projects could provide an important contribution in this regard .

a. Quality of ICR Rating : Satisfactory