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SIDE MEMORANDUM OF UNDERSTANDING TO ACCOMPANY
THE P.L. 480 TITLE I SALE AGREEMENT

The purpose of this Side Memorandum of Understanding is to provide further details and specificity concerning the implementation of part VI.A of the Sale Agreement regarding economic development goals.

For the purpose of monitoring the use of proceeds generated, within 3 months following each quarter, a report on disbursements by the Moroccan Treasury for selected activities and projects, as well as the amount of counterpart funds deposited to the Treasury during such quarter, will be transmitted to USAID. The joint standing committee for PL 480 Title I will meet once each quarter to examine the state of progress of the program.

PRESENTATION OF THE 1988 PROGRAM OF ACTIVITIES

The physical program funded by the proceeds generated by the sale of commodities under the P.L. 480 agreement for fiscal year 1988, includes operations related to the development of rainfed areas and which are directed to increase cereal production, cattle breeding, to expand integrated agricultural development projects, forest development, small and medium-sized water works as well as support activities.

I. USAID-assisted projects

1. Agronomic Research

Research works will concentrate on various sectors, especially cereals, oleaginous plants, olive trees, sugar plants, food legumes, forage, fibre plants and on production systems, i.e. aridoculture and saharan agronomy. The principal scientific work will concentrate essentially on genetic improvement of plant material.

2. Hassan II Agronomic and Veterinary Institute

The Hassan II IAV program of activities for 1988 includes:

- departmental expansion and construction of (3rd cycle) laboratories for advanced studies;
- construction of directed study rooms and of a veterinary clinic;
- scientific equipment;
- implementation of research and experimentation works.

3. Planning and economic affairs

The 1988 program provides for the continuation of the national agricultural statistics program, of agro-economics surveys and of various follow-up, evaluation and coordination activities within the Ministry of Agriculture and Agrarian Reform. The continuation of the program will be conducted with the assistance of USAID under project No. 608-0182.

II. Other agricultural projects

1. Cattle breeding

To achieve the objectives assigned to the livestock sector, it is planned in FY 1988 to continue activities which will insure an effective animal health care system for the livestock of the country, the development of national forage resources, genetic improvements and the development of marketing for cattle-breeding products.

2. Incentives to cereal production

For promoting cereal production, 600,000 quintals will be transferred and 783,000 quintals will be distributed respectively to assist in the production and use of improved variety cereal seeds. This program also provides for assistance in the use of 28,500 quintals of improved forage seeds, allocation of subsidies for the purchase of agricultural equipment and for carrying out weeding operations on about 45,000 hectares.

3. Integrated development projects

The FY 1988 program provides for the implementation of the following activities:

3.1 Karia Tissa

- Completion of potable water conveyance works and planting olive trees on 2,500 hectares.

3.2 Oulmès-Roummani

- Planting fruit trees and reforestation on 2,800 hectares.
- Range management improvement on 3,000 hectares.
- Small and medium-sized water works for irrigation on 250 hectares.
- Maintenance of 200 kilometers of access roads.

3.3 Abda

- Planting fruit trees on 400 hectares.
- Rangeland improvement on 2,000 hectares.
- Land consolidation study on 8000 hectares.
- Opening 10 kilometers of access roads.

3.4 New Projects

Continuation of pedology studies on 1,320,000 hectares, land consolidation studies on 15,000 ha and agro-economic studies on 880,000 ha.

4. Small and Medium-sized water works projects

The 1988 program includes the completion of water works projects in Chichaoua (1,900 ha), Jamâa Shaim (500 ha), Ghis (900 ha); and of the irrigation system in the median area of the Tigrira perimeter (2,800 ha). In addition, small-size water works projects will be implemented all over the Kingdom.

5. Forest development

During 1988, efforts will concentrate mostly on the continuation of activities directed to forest development, erosion and sand encroachment control as well as to hunting and fishing development and environmental improvement. About 30,000 hectares will be reforested, soil conservation works will be implemented on 16,000 hectares, sand dune fixation on 120 hectares and installation of wind-breaks on 1,000 hectares.

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6. Support activities

6.1 Agricultural extension

The 1988 program focusses essentially on the continuation of the study related to the design of a master plan for agricultural extension and to the equipping of pilot extension centers which will deliver intensive counselling services to the farmers. Other activities will continue, particularly the equipping of agricultural work centers, the construction of additional centers and the continuation of the continuous training program.

6.2 Plant protection and seed inspection

This program will include the following activities:

- Construction of 3 plant inspection centers and 3 inspection sub-centers.
- Development and maintenance of official laboratories.
- Financing seed and plant inspection and analysis operations.

6.3 Agricultural education

This program provides for:

- Strengthening and equipping existing infrastructure.
- Implementation of a master plan for continuous training and the training of trainers program.
- Assessment of agricultural training needs.
- Encouragement of research programs in institutions of higher education.

SUMMARY TABLE OF ACTIVITIES TO BE FINANCED

BY P.L. 480 PROCEEDS - 1988

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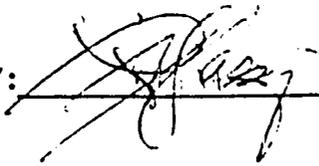
ITEMS	1988 Budget
I. <u>USAID-assisted projects/activities:</u>	<u>109,000.00</u>
1. Agronomic research	67,000.00
2. Hassan II Agronomic and Veterinary Institute	12,000.00
3. Planning, Statistics and Economics	30,000.00
II. <u>Other agricultural projects:</u>	<u>515,000.00</u>
1) Cattle breeding	95,000.00
- Sanitary coverage	50,000.00
- Fodder resources development (including Middle Atlas project)	20,000.00
- Genetic improvement	10,000.00
- Marketing	15,000.00
2) Incentives to cereal production	70,000.00
3) Integrated Development Projects	30,000.00
4) Small and medium-sized water works	100,000.00
5) Forestry Development (including Loukkos and Gharb Maamora)	70,000.00
6) Supporting Activities	90,000.00
- Agricultural extension	30,000.00
- Plant protection and seed inspection	35,000.00
- Agricultural education	25,000.00
7) ORMVAs' activities, not including irrigation infrastructure	60,000.00
 GENERAL TOTAL	 <u>624,000.00</u>

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Done at Rabat, the twenty-fifth day of March, nineteen hundred and eighty eight.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

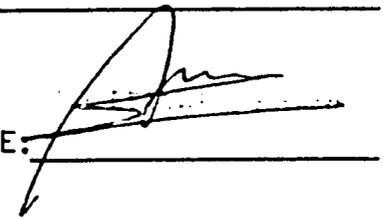
BY: _____



TITLE: _____

FOR THE GOVERNMENT OF THE
KINGDOM OF MOROCCO

BY: _____



TITLE: _____