



ADAPTATION FUND

November 13, 2012

Adaptation Fund Board

Accreditation of the “Agence de Développement de l’Agriculture” (ADA) of Morocco

Having considered the attached report by the Accreditation Panel, the Adaptation Fund Board decides to accredit the “Agence de Développement de l’Agriculture” (ADA) of Morocco as a National Implementing Entity.

Decision B.18-19/19

Annex

Report of the Accreditation Panel on the Accreditation of “Agence pour le Développement Agricole” or Agricultural Development Agency (ADA) of the Government of Morocco

Background

ADA was established in February 2009 to implement the “Plan Maroc Vert” or Green Morocco Plan (GMP). The GMP is a strategy by the government to transform the agricultural sector and make it a mechanism for the development of the country. This plan is based on the premise of an investment of MAD 140 billion (or over ten billion US dollars) during the period 2009-2020 and that involves over 1500 individual projects to commercial and small holders. Most of the program is funded by the government and other sources within the country such as the Hassan II Foundation but there are also foreign donors such as the World Bank, the Global Environmental Fund, the French Development Agency, the International Fund for Agriculture Development, the African Development Bank and others. ADA works through a network of local government entities who have an extensive presence throughout the country and who understand local circumstances and conditions and who are close to the people affected by the projects. More information can be found on www.ADA.gov

A member of the Adaptation Panel and the Secretariat visited ADA in August of 2012 to fully understand the systems of ADA, how these related to the government systems and the relationship and controls over the decentralized operations.

Fiduciary Standards

Legal Mandate

Without giving a legal opinion, ADA has the proper legal mandate. It was established under the Law No 42-08 as an Agency for Agricultural Development and it is endowed with a legal personality and financial autonomy and is subject to the Morocco law governing public institutions. As such it has the authorization and the ability to directly receive funds. ADA has the “responsibility for ... taking any action likely to promote partnerships with any organization interested in investing in the agricultural sector”.

Financial Integrity

The financial integrity fiduciary standards were met. There are audited financial statements with a positive opinion. An audit committee was created in September 2011 and its first meeting took place a month later but its mandate could be stronger in terms of the number of meetings and to include aspects of internal control, project management as well as risk management. ADA uses as its accounting software “CEGID Expert” which is a web-based software originating from France and meets the fiduciary standards. There are further controls by the State

Controller which gives insight to the adequacy of the accounting system and the annual accounts and the State Treasurer that reviews all payments before they are made.

The internal audit function is done by a team of two individuals and does several detailed reports a year. Recent reports related to the treasury, including disbursements, and to human resources. The management responses to the audits were action oriented. An internal audit of procurement was planned for later in this year. The manuals and documentation of the website provide an comprehensive internal control structure and an letter confirming that the internal control structure was operating satisfactory to the Administrative Board was signed in August 2012 by the Director general and the Director Administration and Finance. Given the size and importance of the GMP the financial solvency of ADA is very strong.

Project Management

ADA has an adequate set of procurement rules and this is verified through at least three independent levels, the external auditor, the State Controller and the State Treasurer. The procurement controls over the regional entities that execute the projects is similar although there is less control of the external auditor but in its place are controls by ADA.

The GMP entails hundreds of projects in the agricultural sector for which ADA is the implementing entity. Each project has a detailed budget and expenditure profile which is transparent to all stakeholders. ADA as implementing entity and its regional executing entities have demonstrated during the visit of the Panel and through documentation a strong capability to identify, appraise, assess and approve projects including project implementation planning and quality-at-entry.

There is evidence of accurate financial data and reporting thereof. Adequate monthly monitoring has been demonstrated at by ADA and at a continuous level by the regional entities. In addition to monthly reporting and frequent contacts there is a common software system that links the two organizations. Although there have been no GMP projects closed it is clear that ADA has the capability to do those reports as well as evaluation studies and they have done a number of high quality thematic studies and interim evaluations.

The Panel concluded that the applicant's procedures for project management were very strong and followed.

Anti Fraud

The applicant strengthened its anti fraud policy during the application process and made references directly on its website. A sufficient policy and a framework to deal with financial mismanagement and other forms of malpractices exist for staff and no cases of fraud were experienced by the staff in the last two years. ADA is working with the assistance of the recently established Central Forum for the Prevention of Corruption (ICPC) on issues related to project fraud. Such fraud is normally committed by third parties. While these efforts are ongoing it should be noted that the monitoring over the current projects is extensive and therefore the fraud risks is not extensive.

The Panel concluded that the fiduciary standards relating to financial mismanagement and other forms of malpractice was met and recognizes that further strengthening is taking place.

Conclusion

After considering the documentation and the outcome of the review, the Panel concluded that the applicant is a strong candidate for accreditation and decided to recommend the accreditation of Agence pour le Développement Agricole of the Government of Morocco.