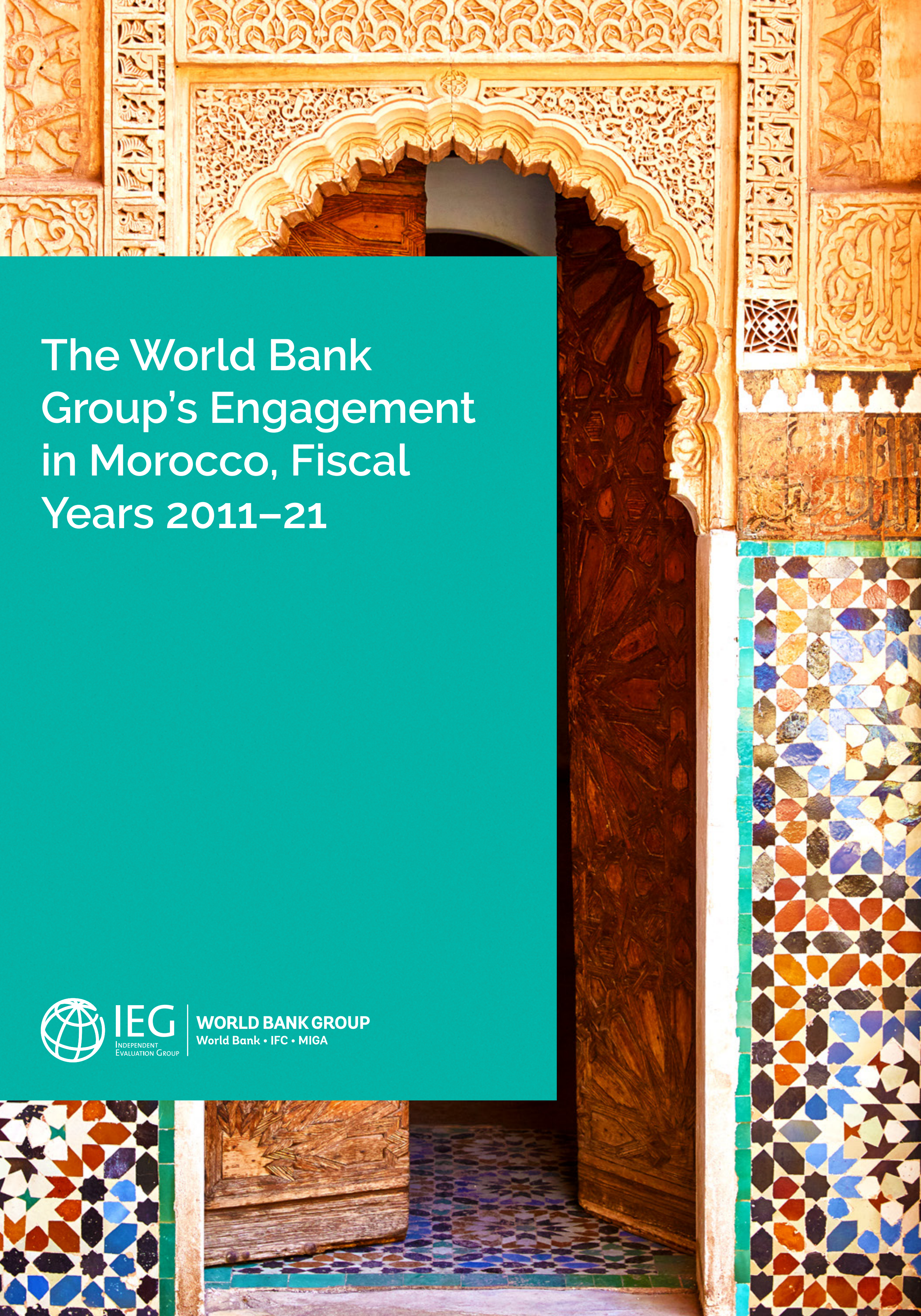

The World Bank Group's Engagement in Morocco, Fiscal Years 2011–21

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Country Program Evaluation

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Abbreviations

ABB	Al Barid Bank
ADR	alternative dispute resolution
AREF	Regional Education and Training Academy
ASA	advisory services and analytics
BAM	Bank Al-Maghrib
CEM	Country Economic Memorandum
CESE	Economic, Social, and Environmental Council
CNEA	National Committee for Business Environment
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CRI	Regional Investment Center
CSP	concentrated solar power
DB	*Doing Business*
DLI	disbursement-linked indicator
DPF	development policy financing
DPL	development policy loan
DPO	development policy operation
DRM	disaster risk management
ECD	early childhood development
EU	European Union
FY	fiscal year
GDP	gross domestic product
GRM	grievance redress mechanism
IFC	International Finance Corporation
INDH	National Initiative for Human Development
IPF	investment project financing
M&E	monitoring and evaluation
MFI	microfinance institution
MSMEs	micro, small, and medium enterprises
NBFI	nonbank financial institution
NDM	New Development Model
PEF	Political Economy Facility

PforR	Program-for-Results
PMV	Plan Maroc Vert
PPP	public-private partnership
SCD	Systematic Country Diagnostic
SME	small and medium enterprise
SOE	state-owned enterprise

All dollar amounts are US dollars unless otherwise indicated.

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Overview

This Country Program Evaluation assesses the development effectiveness of the World Bank Group's support to Morocco between fiscal year (FY)11 and FY21. Specifically, it investigates the Bank Group's contribution in solving four systemic obstacles to Morocco's development (CSMD 2021). These obstacles were identified by a national commission that was tasked by His Majesty King Mohammed VI to find the root causes of Morocco's development challenges during the 2010s. The national commission conducted in-depth research and broad-based consultations with citizens, experts, development partners, and private sector stakeholders to arrive at a rigorous diagnostic. The report identified the four key obstacles as (i) an incoherent public policy with the country's development aspirations; (ii) an uneven economic playing field that favors established firms and state-owned enterprises (SOEs), creates nonproductive rent-seeking behaviors, and discourages new entrants; (iii) weak policy implementation caused by the public sector's weak capacity to carry out reforms; and (iv) weak citizen, labor force, and subnational participation in the country's development. The Bank Group has emerged as the Moroccan government's lead partner in a crowded donor environment, with a commitment of $11.2 billion over the evaluation period. This support concentrated on private sector–led growth, human capital development, resilience to climate change, and improved governance.

Getting to Policy Coherence

To shape Morocco's policy reforms and impact policy coherence, the Bank Group needed to add value in key policy domains. The Moroccan government had a clear opinion of the Bank Group's comparative advantage over other development partners, including its innovativeness, capacity to bring high-quality expertise across a range of topics to Morocco, ability to frame solutions for cross-sectoral challenges, readily available analytics, and knowledge-brokering power that facilitates South-South learning.

The World Bank's data and knowledge work, paired with a flexible policy dialogue, had significant impact on policy reforms. To inform policy content, the Bank Group capitalized on its management of global benchmarking data to initiate dialogues on policy reforms. Specifically, the Bank Group was able to use the Changing Wealth of Nations indicators, the Human Capital Index, and the *Doing Business* rankings to initiate dialogues and influence Morocco's policy agenda on public sector governance, education and early childhood development, and market competitiveness and the business environment. The World Bank's data work also revealed the depth of development problems in several sectors, such as education, early childhood development, social protection, and disaster risk management, prompting policy action in each domain.

The World Bank had a significant impact on Morocco's pension reform by strategically circumscribing its support to just-in-time analytics. There was evidence that the World Bank's prominent involvement in pension reform may have antagonized some key stakeholders in civil society. In recognition of this situation, the World Bank agreed not to participate directly in the National Technical Commission, which oversaw pension reform. Instead, the World Bank limited its involvement to a just-in-time technical review of the proposed reform. The World Bank also provided budget support to the government through an operation that required the government to establish a pension program for various categories of workers. The World Bank's involvement was again strategically minimalized during the law's implementation.

The preparation and dissemination of the Country Economic Memorandum (CEM) was a major opportunity to engage with the government for in-depth policy dialogue. The CEM team had a high degree of autonomy to adjust the scope and substance of the product to Morocco's interests, which enabled staff to produce a candid and ambitious document. The CEM spoke hard truths about the justice system, market institutions, human capital, and other critical topics while avoiding crossing lines that would have made the content of the CEM inaudible to policy makers. The effort was not wasted because the CEM substantively informed Morocco's New Development Model, which will guide Morocco's development until 2035.

Leveling the Economic Playing Field

The Bank Group capitalized on the Moroccan government's desire to improve its *Doing Business* ranking to achieve wider business climate reform.

In 2010, Morocco ranked 128th among 180 countries in the World Bank's *Doing Business* rankings. This low rank catalyzed government action to improve its standing. In response, the International Finance Corporation (IFC) and the World Bank formed a *Doing Business* advisory team that helped Morocco reach 53rd place in 2020. However, IFC and the World Bank did not stop there. Drawing on the findings of Enterprise Surveys for Morocco, the Bank Group identified and helped the authorities address other important constraints to private sector growth, including inadequate labor skills, inadequate access to finance, and low institutional capacity.

The World Bank and IFC complemented one another's work with a comprehensive approach to helping to level the playing field in Morocco's economy. In Morocco, micro, small, and medium enterprises do not compete on a level playing field with large established firms and SOEs. IFC and the World Bank worked on different parts of Morocco's reform agenda; they both supported efforts to promote fair business practices, improve competition, establish alternative dispute resolution mechanisms, and improve transparency and accountability in public procurement. Together, IFC and the World Bank helped Morocco make its microfinance industry more inclusive, upgrade its regulatory and supervisory framework for capital markets, and develop a new trading window for micro, small, and medium enterprises. Despite this, Bank Group efforts to support the achievement of economywide impacts through SOE reform were not successful. IFC's support to reduce payment delays from large firms and SOEs to micro, small, and medium enterprises showed limited progress, and IFC's planned public-private partnership investment and advisory projects never materialized.

Enabling Policy Implementation

The Bank Group helped Morocco overcome policy implementation bottlenecks by introducing new practices. For example, the World Bank used novel approaches to help Morocco modernize the implementation of its social protection system. The Bank Group also used its convening power and financing instruments to mitigate the risks associated with introducing innovation into Morocco's developing solar energy sector. The Bank Group brought new financing instruments to support Morocco's central and local governments.

For instance, in the most recent strategy period, the Program-for-Results (PforR) replaced development policy financing as the World Bank's financing instrument of choice to match the government's shift from first-generation policy reforms to second-generation reforms and results-based financing. For its part, IFC innovated at the subnational level with investments without sovereign guarantees.

The World Bank effectively used monitoring and evaluation practices to overcome implementation challenges and learn from past failures. For example, the World Bank used monitoring and evaluation practices to adapt the Modernization of Irrigated Agriculture series from one project to the next. As a result, the series' focus expanded from infrastructure in 2012 to water management and modern irrigation technologies in 2014, and to climate adaptation techniques in 2021. Similarly, the World Bank's first attempt at helping Morocco decentralize its education system did not yield the expected results because the development policy financing series to support Morocco's Education Emergency Plan (2011–13) did not sufficiently anticipate the central government's low capacity for steering reforms. In its second attempt, the World Bank adapted by providing complementary support through the education PforR in 2017. Conversely, results for a series on rural water and sanitation suffered when the World Bank did not sufficiently learn and adapt, thereby repeating past mistakes that led to unsatisfactory outcomes. It was not until the series' fourth project that improvement took place, in part due to a more constructive dialogue instigated in relation to the preparation and dissemination of the World Bank's flagship diagnostic report—*Morocco Infrastructure Review*.

More recently, the World Bank began to help the authorities address implementation bottlenecks linked to challenges in multisectoral coordination and policy uptake. As shown in detail in the report, limited uptake of specific programs and services undermined World Bank–supported projects on agriculture, e-petitions, and waste management. Similarly, challenges in coordination between some government agencies, especially between the central and local levels, slowed decentralization and led to incoherence in some complex multisectoral reforms, which contributed to inconsistent sectoral policies. After 2018, the World Bank notably invested in a Political Economy Facility that provided just-in-time diagnostics and recommended practical solutions, ranging from additional policy dialogue to additional capacity building to build trust and facilitate coordination. For example, the World Bank provided technical assistance to Regional Agricultural Development Offices to improve their capacity to coordinate with central government ministries, the World Bank helped develop mechanisms to facilitate coordination within Morocco's early childhood development architecture, and the Bank Group supported the authorities in strengthening coordination between national and subnational actors by piloting two subnational operations in Casablanca and Marrakech.

Enhancing Citizen Participation

The World Bank has struggled with delivering on its objective to support authorities in strengthening citizen engagement mechanisms and subnational participation in the country's development. The World Bank's attempts to help authorities improve citizen participation in the justice sector failed because the World Bank did not adjust its approach to the country's political changes. In 2009, the government of Morocco requested World Bank support to strengthen institutional capacity to deliver justice services to citizens and businesses. The $16 million Mahkamati investment project was being prepared when the 2011 protests swept across Morocco, leading to constitutional reform, parliamentary elections, and a new government coalition. The Justice Ministry's priority shifted toward launching a comprehensive national dialogue on justice sector reform, which culminated in 2014 with the adoption of the National Charter for Judicial Reform. Instead of aligning the investment project design with the shifted vision of the new leadership, the World Bank finalized the project as originally designed in 2012. Implementation faced challenges from the beginning because the new leaders did not develop ownership of the project and the World Bank team was not sufficiently reactive. The Ministry of Justice put the project activities on hold as the European Union started supporting the implementation of the National Charter, leaving the World Bank unable to engage the government on further justice sector reforms. Similarly, the World Bank struggled to integrate the findings of its comprehensive diagnostics on youth employability and low female labor force participation into its support to the government. Its effort was unambitious and fragmented, with mostly small activities scattered across the portfolio.

Recently, the Bank Group started experimenting at the subnational level with instruments to address financing and capacity issues. The 2011 constitution enshrined subsidiarity and advanced regionalization principles. However, subnational governments have struggled to deliver on these mandates because of financing challenges and weak institutional capacity. High regional imbalances in wealth, human capital, and access to quality services also persist. The FY19–24 Country Partnership Framework made reducing regional imbalances a priority, and since then the Bank Group has tested various ways of engaging subnationally to address financing and capacity gaps. For example, the World Bank is testing performance-based approaches through PforR to help municipalities address their financing gaps. For its part, IFC is financing a $100 million operation for Casablanca's two new tramway lines—the first such investment with a local government in the Middle East and North Africa Region without a sovereign guarantee.

Lessons

This evaluation identified the following lessons to guide future Bank Group engagement in Morocco. These lessons may also be of relevance to other countries facing similar development challenges:

- At times, the World Bank traded recognition for influence to gain traction in Morocco's policy reforms. The World Bank's impact hinged on its ability to frame policies on sensitive topics in ways that were palatable to government decision makers. This was the case when the World Bank used the preparation of the CEM as a platform to engage authorities on sensitive reforms, such as investing in market institutions and strengthening the rule of law, which informed Morocco's reshaping of its development model. In other areas, such as the politically sensitive subsidy and pension reforms, the World Bank was willing to limit its role to providing just-in-time analytics when a more prominent role might have jeopardized reforms.
- The Bank Group effectively used global benchmarking data to motivate reforms. In Morocco, the Bank Group used the Changing Wealth of Nations indicators, the Human Capital Index, and the *Doing Business* rankings to enter

into wide-ranging reform dialogues. In the case of the climate for doing business, the Bank Group successfully convinced the authorities to integrate the findings of the Enterprise Surveys to expand the agenda for reform.

» IFC was successful in Morocco by effectively deploying its advisory work to influence major companies, including SOEs, in making institutional changes. IFC had significant impacts on Morocco's business environment and financial architecture reforms. It achieved these goals by providing advisory and investment support to clients and collaborating with key national institutions and business associations over many years. Its advisory work, in particular, influenced major companies in raising environmental, social, and governance standards and improving corporate governance of SOEs.

» PforR operations in Morocco provide lessons on how to maximize their effectiveness. PforR has gained traction in Morocco in the second part of the evaluation period. There are two main lessons that emerge from the World Bank's experience with preparing PforR operations in Morocco. First, the lack of resources to provide technical assistance to the ministries in charge of implementing reforms and reporting on disbursement-linked indicators limited the effectiveness of health and education PforR operations. As such, the World Bank needs to proactively identify trust funds or other resources to fill this technical assistance gap. Second, the World Bank teams need to proactively involve the full range of stakeholders while preparing the PforR operations to facilitate productive dialogues between the Ministry of Economy and Finance and line ministries to define ambitious but achievable disbursement-linked indicators and maintain a predictable disbursement schedule.

» To start engaging directly at the subnational level in Morocco, the Bank Group has taken new risks and has been willing to experiment with new approaches. The FY19–24 Country Partnership Framework made addressing territorial inequity a priority. Since then, the Bank Group has started experimenting with various ways of engaging subnationally. Some notable experiments include IFC's investments without sovereign guarantees in Casablanca and Fès-Meknès, the World Bank's Casablanca Municipal Development PforR for which funds go to municipal budgets, and the Municipal Development PforR (cofinanced by Agence Française de Développement [French Development Agency]), in about 100 urban municipalities. Although it is too early to assess outcomes, the Bank Group's ability to engage with subnational governments depended on its willingness to take more risks to engage with higher-need territories, adapt its instruments to subnational needs and clients, and coordinate with other development partners.

Aperçu

Cette évaluation du programme pays évalue l'efficacité en matière de développement du soutien apporté par le Groupe de la Banque mondiale au Maroc entre les exercices fiscaux (EF)11 et EF21. Elle analyse notamment la part prise par le Groupe de la Banque mondiale dans la résolution de quatre obstacles systémiques au développement du Maroc (CSMD 2021). Ces obstacles ont été identifiés par une commission nationale chargée par Sa Majesté le Roi Mohammed VI de déterminer les causes profondes des difficultés de développement du Maroc au cours des années 2010. La commission nationale a effectué des études approfondies et des consultations élargies auprès de citoyens, d'experts, de partenaires du développement et de parties prenantes du secteur privé en vue d'établir un diagnostic rigoureux. Le rapport final a identifié quatre grands obstacles : (i) un manque de cohérence des politiques publiques qui sont aussi déconnectées des aspirations du pays en matière de développement ; (ii) des règles du jeu économiques déséquilibrées avec un système incitatif public qui favorise les entreprises bien établies et les entreprises publiques, qui alimentent des logiques de rente, et qui découragent les nouveau entrants ; (iii) des lacunes dans la mise en œuvre des politiques publiques, liées à des capacités limitées du secteur public en matière de conception et de mise en œuvres des reformes; et (iv) une faible participation des citoyens, des actifs et des acteurs infranationaux au développement du pays. Dans un contexte caractérisé par un grand nombre de partenaires de développement, le Groupe de la Banque mondiale est devenu le premier partenaire du gouvernement marocain, avec un engagement de 11,2 milliards de dollars sur la période d'évaluation. Cette aide se focalisait sur la croissance alimentée par le secteur privé, sur le développement du capital humain, sur la résilience face au changement climatique, et sur l'amélioration de la gouvernance.

Parvenir à la cohérence des politiques

Afin d'obtenir la confiance du gouvernement du Maroc et l'aider à façonner des réformes de politiques publiques cohérentes, le Groupe de la Banque mondiale a dû apporter une valeur ajoutée dans des domaines clés. Le gouvernement marocain tend à se tourner vers le Groupe de la Banque mondiale quand il lui reconnait certains t atouts comparatifs par rapport aux autres partenaires de développement, notamment en matière d'innovation, de capacité à proposer au Maroc une expertise de qualité sur toutes sortes de thématiques, de capacité à élaborer des solutions aux enjeux intersectoriels, des outils d'analyse facilement exploitables et son offre de courtage de connaissances qui facilite l'apprentissage Sud-Sud.

L'action de la Banque mondiale en matière de données et de connaissances, conjuguée à la flexibilité de son dialogue politique, a eu un effet significatif sur les réformes politiques. Pour alimenter le contenu des politiques publiques, le Groupe de la Banque mondiale s'est appuyé sur sa gestion des données d'étalonnage globales en vue d'établir un dialogue sur les réformes possibles. Le Groupe de la Banque mondiale a notamment été en mesure d'utiliser les indicateurs de l'évolution des richesses des nations, son Indice du capital humain et le classement *Doing Business* pour amorcer le dialogue et influencer l'agenda des politiques du Maroc sur les questions de gouvernance du secteur public, d'éducation, de développement de la petite enfance, de compétitivité des marchés et d'environnement commercial. L'action de la Banque mondiale en matière de données a, par ailleurs, révélé l'ampleur des problèmes de développement rencontrés dans différents secteurs comme l'éducation, la petite enfance, la protection sociale et la gestion des risques liés aux catastrophes naturelles et cela a permis d'impulser des réformes dans chaque domaine.

En limitant de manière stratégique son appui à des analyses juste-à-temps, la Banque mondiale a pu influer de manière significative sur la réforme des retraites du Maroc. Il est apparu qu'une implication manifeste de la Banque mondiale dans la réforme des retraites aurait contrarié certaines parties prenantes clés de la société civile. Forte de ce constat, la Banque mondiale a accepté de ne pas siéger directement à la Commission technique nationale chargée de superviser la réforme, se contentant de proposer un examen technique juste-à-temps de la dite réforme. Ensuite, la Banque mondiale a proposé un soutien budgétaire au gouvernement dans le cadre d'une opération exigeant du gouvernement de créer un programme de retraites pour diverses catégories d'actifs. La Banque mondiale a, là encore, fait le choix stratégique de ne pas s'impliquer directement durant la période d'application de la loi.

La préparation et la diffusion du Mémorandum Économique du Pays (CEM) a joué un rôle déterminant pour engager un dialogue politique approfondi avec le gouvernement. La grande autonomie dont jouissait l'équipe du CEM pour adapter l'étendue et le contenu du produit en fonction des intérêts du Maroc a permis à ses membres de produire un document sincère et ambitieux. Le CEM a énoncé des vérités difficiles à entendre concernant le système judiciaire, les institutions du marché, le capital humain et d'autres questions cruciales tout en évitant de franchir les limites qui auraient rendu inaudible le contenu du CEM pour les décideurs. Cet effort n'a pas été vain car le CEM a largement informé l'élaboration du nouveau modèle de développement du Maroc qui guidera le développement du pays jusqu'en 2035.

Niveler les règles du jeu économiques

Le Groupe de la Banque mondiale a tiré parti de la volonté du gouvernement marocain d'améliorer son classement *Doing Business* pour obtenir une réforme plus large du climat des affaires. En 2010, le Maroc occupait le 128ème rang sur les 180 pays du classement *Doing Business* de la Banque mondiale. Cette mauvaise place a accéléré l'action du gouvernement pour améliorer sa position. En réponse, la Société financière internationale (SFI) et la Banque mondiale ont créé une équipe de conseillers *Doing Business* qui a aidé le Maroc à se hisser à la 53ème place du classement en 2020. La SFI et la Banque mondiale ne se sont toutefois pas contentées des progrès du classement. Sur la base des résultats révélés par l'enquête sur les entreprises « Enterprise Surveys » pour le Maroc, le Groupe de la Banque mondiale a identifié d'autres contraintes importantes ralentissant la croissance du secteur privé et il a aidé les autorités du pays à les combattre. Il s'agit de l'inadéquation des compétences professionnelles, de l'inadéquation de l'accès aux financements, et de la faiblesse de capacité institutionnelle.

Dans une démarche complémentaire, la Banque mondiale et la SFI ont proposé une approche exhaustive pour permettre au Maroc d'équilibrer ses règles du jeu économiques. Les micro, petites et moyennes entreprises marocaines sont en concurrence avec des grandes entreprises bien établies et des entreprises publiques qui ne sont pas assujetties aux mêmes règles qu'elles. La SFI et la Banque mondiale ont chacune travaillé sur des parties différentes de l'agenda des réformes du Maroc ; elles se sont fortement engagées pour la promotion de pratiques commerciales loyales, le renforcement de la concurrence, la mise en place de mécanismes alternatifs de résolution des différends et le renforcement de la transparence et de la responsabilité dans les marchés publics. Ensemble, la SFI et la Banque mondiale ont aidé le Maroc à rendre son secteur de la microfinance plus inclusif, à moderniser le cadre réglementaire et de surveillance de ses marchés de capitaux et à créer un nouveau cadre boursier destiné aux micro, petites et moyennes entreprises. Néanmoins, les efforts du Groupe de la Banque mondiale pour réformer les entreprises publiques n'ont pas produit les effets escomptés. Le soutien proposé par la SFI pour réduire les retards de paiements effectués par les grandes entreprises et les entreprises publiques aux micro, petites et moyennes entreprises n'a eu que des effets limités et les projets de conseil et de partenariat d'investissement public-privé envisagés par la SFI n'ont jamais vu le jour.

Favoriser la mise en œuvre des politiques publiques

Le Groupe de la Banque mondiale a aidé le Maroc à surmonter les goulets d'étranglement dans la mise en œuvre des politiques par l'introduction de nouvelles pratiques. La Banque mondiale a, par exemple, adopté de nouvelles approches pour aider le Maroc à moderniser la mise en œuvre de son système de protection sociale. Le Groupe de la Banque mondiale a aussi utilisé son pouvoir de mobilisation et ses instruments financiers pour atténuer les risques liés à l'introduction de l'innovation dans le développement du secteur de l'énergie solaire du Maroc. Le Groupe de la Banque mondiale a apporté de nouveaux instruments de financement pour soutenir les autorités centrales et infranationales du Maroc. Par exemple, au cours de la toute dernière période stratégique, le prêt-programme pour les résultats (PforR) a remplacé l'appui budgétaire (DPF) comme instrument financier privilégié de la Banque mondiale afin d'accompagner la transition opérée par le gouvernement entre réformes des politiques publiques de première génération et réformes de deuxième génération, et financement fondé sur les résultats.

De son côté, la SFI s'est montrée innovante au niveau infranational par des investissements sans garantie souveraine.

La Banque mondiale a appliqué efficacement des pratiques de suivi et d'évaluation pour surmonter les difficultés de mise en œuvre et tirer les enseignements des échecs passés. Par exemple, la Banque mondiale a appliqué des pratiques de suivi et d'évaluation pour adapter la série de projets sur la Modernisation de l'agriculture irriguée. En conséquence, la série initialement centrée sur les infrastructures en 2012 s'est étendue en 2014 à la gestion de l'eau et aux technologies d'irrigation modernes et aux techniques d'adaptation climatiques en 2021. De la même manière, la première tentative de la Banque mondiale pour aider le Maroc à décentraliser son système éducatif n'a pas produit les résultats escomptés parce que la série d'appuis budgétaires censée soutenir le plan d'éducation d'urgence du Maroc (2011–2013) n'a pas suffisamment anticipé la faible capacité de l'état central à piloter les réformes. Lors de sa deuxième tentative en 2017, la Banque mondiale a prévu un soutien complémentaire sous forme du prêt-programme pour les résultats (PforR) au secteur de l'éducation. Inversement, les résultats d'une série sur la gestion de l'eau et l'assainissement en milieu rural n'ont pas été au rendez-vous parce que la Banque mondiale n'a pas suffisamment appris et ne s'est pas suffisamment adaptée, d'où la répétition d'erreurs passées qui ont abouti à des résultats insuffisants. L'amélioration n'a eu lieu que lors du quatrième projet de la série, en partie grâce à l'établissement d'un dialogue plus constructif pour la préparation et la diffusion du rapport de diagnostic phare de la Banque mondiale : *Revue des Infrastructures au Maroc*.

Plus récemment, la Banque mondiale a commencé à aider les autorités à s'attaquer aux difficultés rencontrées en matière de coordination multisectorielle et d'adoption de politiques publiques. Comme le rapport le montre plus en détail, la faible adoption de certains programmes et services spécifiques a sapé les projets soutenus par la Banque mondiale dans les domaines de l'agriculture, de pétitions électroniques et de gestion de déchets. De même, des difficultés de coordination entre certaines agences gouvernementales, notamment entre le niveau central et local, ont freiné la décentralisation et ont entraîné des incohérences dans des réformes multisectorielles complexes, et, par contrecoup dans les politiques sectorielles elles-mêmes. Après 2018, la Banque mondiale a beaucoup investi dans un dispositif d'analyse d'économie politique proposant des diagnostics juste-à-temps et des recommandations de solutions pratiques telles qu'un renforcement du dialogue sur les politiques publiques ou de capacité institutionnelle en vue de renforcer la confiance et de faciliter la coordination. Par exemple, la Banque mondiale a fourni une assistance technique aux Bureaux régionaux de développement agricole en vue d'améliorer leur capacité à se coordonner avec les ministères du gouvernement central. Elle a contribué à la mise en place de mécanismes facilitant la coordination avec l'architecture de développement de la petite enfance du Maroc, et le Groupe de la Banque mondiale a aidé les autorités à renforcer la coordination entre les acteurs nationaux et infra-nationaux en pilotant deux opérations à l'échelle infranationale à Casablanca et Marrakech.

Renforcer la participation des citoyens

La Banque mondiale a rencontré des difficultés pour atteindre son objectif d'aider les autorités à renforcer les mécanismes d'engagement des citoyens et de participation au niveau infra-national dans le cadre du développement du pays. Les tentatives de la Banque mondiale d'aider les autorités à améliorer la participation citoyenne dans le domaine de la justice ont échoué parce que la Banque mondiale n'a pas adapté sa démarche aux changements politiques survenus dans le pays. En 2009, le gouvernement marocain a sollicité l'aide de la Banque mondiale en vue de renforcer sa capacité institutionnelle à fournir des services judiciaires à ses citoyens et entreprises. Le projet d'investissement Mahkamati à hauteur de 16 millions de dollars était en cours de préparation au moment où le mouvement de protestation de 2011 s'est déployé dans tout le pays, aboutissant à une réforme constitutionnelle, à des élections législatives et à une nouvelle coalition gouvernementale. La priorité du Ministère de la justice s'est orientée vers le lancement d'un large dialogue national sur la réforme de la justice, qui a abouti en 2014 à l'adoption de la Charte nationale de la réforme du système judiciaire. Au lieu d'aligner le contenu du projet d'investissement sur les nouvelles orientations du gouvernement, la Banque mondiale a bouclé la préparation du projet sous sa forme initiale. Sa mise en œuvre s'est heurtée d'emblée à des difficultés car les responsables nouvellement installés ne se sont pas appropriés le projet, et l'équipe de la Banque mondiale ne s'est pas montrée suffisamment réactive. Le Ministère de la justice a mis les activités du projet en suspens car l'Union européenne a soutenu la mise en œuvre de la Charte nationale, et la Banque mondiale s'est dès lors trouvée dans l'incapacité d'engager le gouvernement dans des réformes supplémentaires de la justice. De la même manière, la Banque mondiale a eu du mal à intégrer les résultats de son diagnostic complet sur l'employabilité des jeunes et la faible participation de la population active féminine à son soutien au gouvernement. Sa tentative était peu ambitieuse et fragmentée, portant sur de petites activités disséminées dans son portefeuille.

Récemment, le Groupe de la Banque mondiale a lancé de premières expériences au niveau infra-national avec des instruments spécifiques pour adresser les problèmes de financement et de capacité des collectivités territoriales. La Constitution de 2011 a consacré les principes de subsidiarité et de régionalisation avancée. Toutefois, les collectivités territoriales ont eu du mal à assumer ces mandats en raison de difficultés de financement et d'une faible capacité institutionnelle. De forts déséquilibres régionaux en termes de richesse, de capital humain et d'accès à des services de qualité persistent aussi. Le Cadre de Partenariat Pays pour l'exercice 2019-2024 (EF19–24) a priorisé la réduction des déséquilibres régionaux et le Groupe de la Banque mondiale a, depuis, testé diverses modalités d'engagement au niveau régional et municipal afin de combler les manques de financement et de capacité. Par exemple, la Banque mondiale est en train de tester des approches basées sur la performance au moyen de prêts-programmes pour les résultats (PforR) pour aider les municipalités à remédier à leurs manque de financement. De son côté, la SFI finance une opération à hauteur de 100 millions de dollars pour la création de deux nouvelles lignes de tramway à Casablanca. Il s'agit du premier investissement de ce type sans garantie souveraine avec une autorité locale de la région Moyen-Orient et Afrique du Nord.

Enseignements tirés

Cette évaluation a permis de tirer les enseignements suivants en vue d'orienter les futurs engagements du Groupe de la Banque mondiale au Maroc. Ces enseignements pourront servir à d'autres pays confrontés aux mêmes types de défis de développement :

» Dans certaines circonstances, la Banque mondiale a privilégié l'influence aux dépens de la reconnaissance afin de peser de plus de poids dans la réforme des politiques publiques du Maroc. L'influence de la Banque mondiale reposait sur sa capacité à élaborer des propositions de réformes sur des sujets sensibles capables de séduire les décideurs gouvernementaux. Ce fut notamment le cas lorsque la Banque mondiale a fait de la préparation du CEM une base sur laquelle engager les autorités dans des réformes sensibles, par exemple investir dans les institutions du marché et renforcer l'état de droit, ce qui a amené le Maroc à repenser son modèle de développement. Dans d'autres domaines, comme les réformes politiquement sensibles des subventions et des retraites, la Banque mondiale a préféré s'en tenir à un rôle plus restreint en fournissant des analyses juste-à-temps car un rôle plus important aurait pu compromettre les réformes.

» Le Groupe de la Banque mondiale a utilisé efficacement des données d'étalonnage globales en vue d'étayer les réformes. Au Maroc, le Groupe de la Banque mondiale a utilisé les indicateurs de l'Évolution des richesses des nations, l'Indice du capital humain et le classement *Doing Business* dans le but d'engager une série de dialogues étendus sur les réformes. Dans le cas de l'environnement des affaires, le Groupe de la Banque mondiale est parvenu à convaincre les autorités d'intégrer les résultats de l'enquête sur les entreprises « Enterprise Surveys » pour élargir l'agenda des réformes.

» La SFI a connu un succès au Maroc en déployant son activité de conseil en vue d'inciter les grandes entreprises, y compris les entreprises publiques, à opérer des changements institutionnels. La SFI a profondément marqué de son empreinte les réformes de l'environnement des affaires et de l'architecture financière du Maroc. Elle a atteint ces objectifs en apportant un soutien en termes de conseil et d'investissement aux bénéficiaires et en collaborant avec des institutions et des associations d'entreprises nationales clés pendant de nombreuses années. Son activité de conseil a notamment incité les grandes entreprises à élever leurs normes environnementales, sociales et de gouvernance et a contribué à améliorer la gouvernance des entreprises publiques.

» Le PforR a acquis une véritable importance au Maroc dans la seconde partie de la période d'évaluation. La préparation des opérations PforR par la Banque mondiale au Maroc a permis de dégager deux grands enseignements. Premièrement le manque de ressources nécessaires pour fournir une assistance technique aux ministères chargés de la mise en œuvre des réformes et de rendre des comptes concernant les indicateurs liés aux versements a limité l'efficacité des opérations PforR dans les secteurs de la santé et de l'éducation. La Banque mondiale doit donc identifier de manière proactive des fonds d'affectation spéciaux ou d'autres ressources susceptibles de combler ce défaut d'assistance technique. Deuxièmement, les équipes de la Banque mondiale doivent impliquer de manière proactive l'éventail complet des parties prenantes tout en préparant des opérations PforR en vue de favoriser des échanges fructueux entre le Ministère de l'Économie et des Finances et les ministères de tutelle, dans le but de définir des indicateurs liés aux décaissements ambitieux mais néanmoins atteignables et de maintenir un calendrier de décaissements prévisible.

» Pour commencer à s'engager directement au niveau des collectivités territoriales du Maroc, le Groupe de la Banque mondiale a pris de nouveaux risques et a pris le parti d'expérimenter de nouvelles approches. Le Cadre de Partenariat Pays pour l'exercice 2019-2024 (EF19–24) a priorisé la lutte contre les inégalités territoriales. Depuis lors, le Groupe de la Banque mondiale a commencé à expérimenter diverses modalités d'engagement au niveau infra-national. Voici quelques exemples notables de ces expériences : investissements de la SFI sans garanties souveraines à Casablanca et à Fès-Meknès, PforR du développement municipal « Casablanca Municipal Development » de la Banque mondiale dont les fonds sont affectés aux budgets municipaux, et PforR du développement municipal « Municipal Development » (cofinancé par l'Agence Française de Développement) dans une centaine de municipalités urbaines. Bien qu'il soit encore trop tôt pour évaluer les résultats obtenus, la capacité du Groupe de la Banque mondiale à s'engager auprès des autorités locales était liée à sa volonté de prendre plus de risques en s'engageant auprès des territoires présentant les besoins les plus élevés, d'adapter ses instruments aux besoins distincts du niveau infranational et de se coordonner avec les autres partenaires du développement.

1 | Introduction

This Country Program Evaluation assesses the development effectiveness of the World Bank Group's support to Morocco between fiscal year (FY)11 and FY21. Specifically, it investigates the Bank Group's effectiveness in solving four systemic obstacles to Morocco's development that were identified by a national Commission Spéciale sur le Modèle de Développement (Special Commission on the Development Model). The commission was tasked by His Majesty King Mohammed VI to find the root causes of Morocco's development challenges during the 2010s (CSMD 2021). The commission identified the four obstacles as (i) an incoherent public policy with the country's development aspirations (chapter 2); (ii) an uneven economic playing field that favors established firms and state-owned enterprises (SOEs), creates nonproductive rent-seeking behaviors, and discourages new entrants (chapter 3); (iii) weak policy implementation caused by the public sector's weak capacity to carry out reforms (chapter 4); and (iv) weak citizen and subnational participation in the country's development (chapter 5). The Country Program Evaluation evaluated the Bank Group's ability to overcome these obstacles across three outcome areas: (i) private sector–led growth that absorbs a growing labor force, (ii) inclusive human capital formation and protection and participation in the labor force, and (iii) climate change resilience and sustainable water resource management.

The report is organized around the four systemic obstacles to Morocco's development. This first chapter introduces Morocco's development context—including the country's development trajectory and the Bank Group's general role in that trajectory—before briefly reviewing the evaluation's methodological framework. Chapter 2 investigates how the Bank Group shaped national policies and impacted Morocco's development agenda. Chapter 3 discusses how the Bank Group contributed to leveling the playing field for micro, small, and medium enterprises (MSMEs). Chapter 4 assesses the Bank Group's support for effective policy implementation and service delivery. Chapter 5 explores the Bank Group's efforts to increase Moroccan citizens' participation in civic and economic life and subnational territories' participation in the development process. Chapter 6 provides practical lessons to inform the Bank Group's future engagement in Morocco. Outcome boxes in chapters 3, 4, and 5 summarize findings for the three outcome areas.

Morocco's Development Trajectory

Morocco achieved undeniable development gains in the 2000s after the economic volatility of the 1990s, but challenges remain. In the 1990s, Morocco embarked on an ambitious program of structural reforms and macroeconomic stabilization through free trade agreements, financial sector liberalization, and state-owned asset privatization. However, frequent droughts led to high volatility in Morocco's economically important agriculture sector. As a result, yearly gross domestic product (GDP) growth rates in the 1990s were also volatile, varying from −5.4 percent to +12.4 percent, with an average annual growth rate of 3 percent. Following the accession to the throne by His Majesty King Mohammed VI in 1999, Morocco undertook additional economic and institutional reforms. It gradually liberalized its economy, privatized some public enterprises, diversified its economy to be less vulnerable to exogenous shocks, and improved access to public services (such as water, education, and electricity). These changes contributed to stronger and less volatile growth,[1] averaging about 4.9 percent a year from 2000 to 2010 (figure 1.1). In addition, poverty rates fell from 15 percent in 2001 to less than 5 percent in 2013 (World Bank 2020b), and extreme poverty was practically eradicated. Between 2007 and 2014, the consumption rate for the bottom 40 percent grew faster than it did for the rest of the population. However, inequality remains a challenge in Morocco, and its Gini coefficient has barely moved in 25 years—it was 39.4 in 1998 and 39.5 in 2022. Likewise, poverty is still prevalent in rural areas, where poverty reduction is twice as slow and the poverty rate is twice as high as those at the urban and national levels. In 2018, the rural population accounted for 80 percent of the national population, showing a wide center-periphery wealth gap (World Bank 2022c).

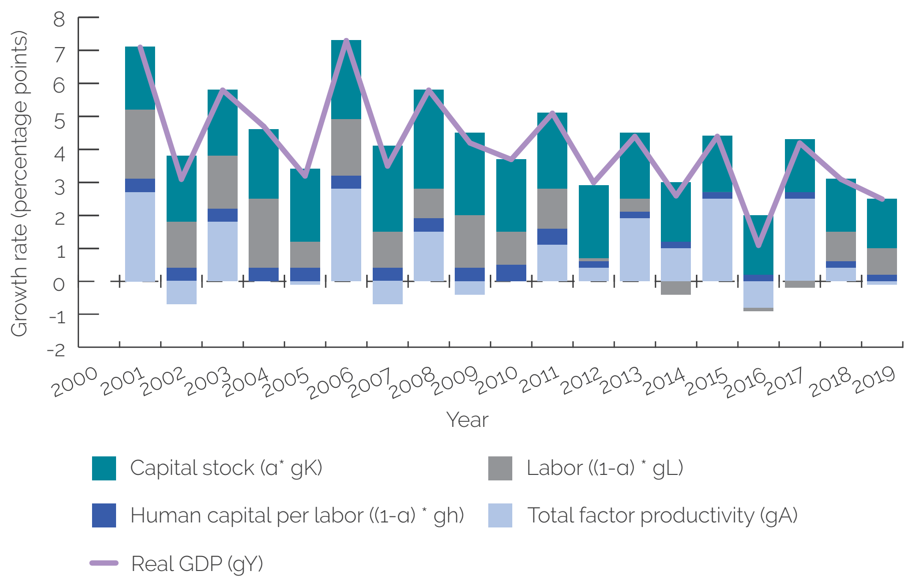
The Arab Spring contributed to far-reaching governance changes in Morocco. In early 2011, Moroccans took to the streets to call for change. The strong growth and prudent economic management of the previous decade failed to deliver jobs and opportunities, especially for youth. In response to the events, the king launched a broad program of reforms, and the country adopted a new constitution by referendum in July 2011. The reforms strengthened the powers of the parliament and the head of government and reinforced the independence of the judiciary. The constitution enshrined citizen engagement and decentralization. The late-2011 elections ushered in a new government coalition led, for the first time, by the moderate Islamist Justice and Development Party. The new government launched a series of sector strategies to boost the country's economic performance, but growth and job creation slowed with the eurozone crisis and regional instability. As a result, social discontent lingered throughout the decade and led to sporadic violence, such as in the Rif region in 2016–17 and in major cities in 2018.

COVID-19 significantly impacted Morocco's society and spurred significant social protection and health reforms. In 2020, COVID-19 triggered the most important economic contraction since record keeping began. By the spring of 2021, some sectors began to recover as vaccines were rolled out, and demand rebounded in southern Europe for Moroccan products. The authorities acted promptly to address the health emergency, and by March 2022, 64 percent of the Moroccan population, including nearly all people over 60 years of age, were fully vaccinated compared with just 40 percent of the Middle East and North Africa Region's total population. The pandemic shock spurred significant reforms in the social protection system and health sectors that are under implementation.

Morocco's economic growth slowed at the same time as these political changes were taking place, despite one of the highest public investment rates in the world. Morocco's gross capital formation averaged 35 percent from 2008 to 2020, placing its public investment rate among the top 10 percent of countries worldwide. This high investment rate was driven by major public investments; large infrastructure projects, such as the Tangier-Med port and the high-speed train between Tangier and Casablanca; and ambitious sectoral strategies—most notably, the 2008–20 Green Morocco Plan (Plan Maroc Vert; PMV)—which aimed to reform agricultural policy and accelerate agricultural productivity. In addition, the Emergence Plan (adopted in 2005) attempted to attract investment to high-potential export sectors in aeronautics, agribusiness, phosphate mining, and the automotive industry. Despite the high investment, Morocco's average economic growth declined to only 3.4 percent per year between 2010 and 2019. Figure 1.1 shows that Morocco maintained its total productivity growth during this period (purple line), but employment growth was only 25 percent of its rate from 2000 to 2009 (gray) and capital growth was only 75 percent of its rate from 2000 to 2009 (teal). Figure 1.2 shows the significant decline in labor force participation, particularly among youth and women, over the past decade. Four of five women in Morocco are neither employed nor looking for a job, and the unemployment rate is 20 percent for young people and 25 percent for young graduates. Moreover, most youth and women are employed in informal, insecure, poorly paid, and low-quality jobs (World Bank 2018).

Morocco's development has been hindered by climate change and low human capital formation. Climate change is exacerbating Morocco's already high levels of water stress as droughts become more frequent and Morocco's landmass becomes more arid, especially in southern regions. This surface water scarcity, combined with insufficient water use regulation, contributed to the overexploitation of groundwater, which triggered changes to agricultural land (see figure 1.3). Despite the greater overall aridity, climate change also increases the intensity of floods, especially in the economically vibrant northern coastal regions. According to the World Bank's probabilistic evaluation of disaster risks, the country has annual average losses from natural catastrophes of over $800 million (World Bank Group and GFDRR 2018). In response, Morocco has developed an ambitious strategy to fight the effects of climate change by investing in renewable energy and transitioning to a low-carbon development model (Berahab et al. 2021). The PMV also included measures that encouraged farmers to adapt to climate change, for example, by incentivizing "direct seeding" for faster-maturing crops or growing tree crops instead of cereals to preserve soil health. Despite significant improvements in primary and secondary school enrollment, Morocco's low human capital formation is hindering its development. Learning outcomes continue to be a concern, with a large proportion of children unable to read and comprehend simple text. According to the World Bank Human Capital Index, in 2019, 66 percent of 10-year-olds in Morocco did not achieve the expected level of reading, which was 10 percentage points below the average for other lower-middle-income countries. COVID-19 has likely exacerbated these learning losses.

Figure 1.1. Contributions of Labor, Capital Stock, and Other Factors (Total Factor Productivity) to Real Gross Domestic Product Growth, 2000–19



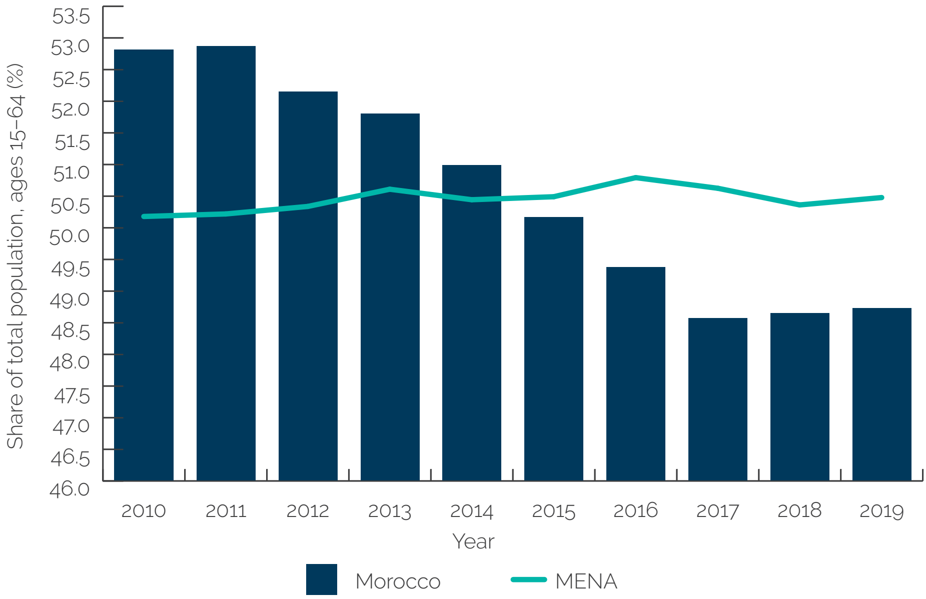
Source: Independent Evaluation Group staff estimates based on World Development Indicators data.

Note: GDP = gross domestic product.

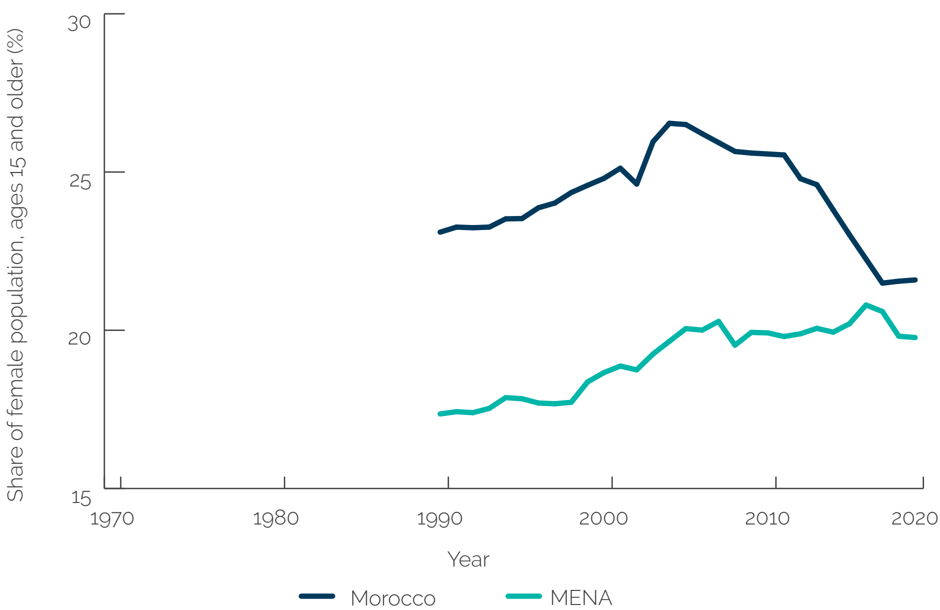
In May 2021, Morocco adopted its New Development Model (NDM). The report offers a thorough and frank diagnosis of the perennial problems that explain Morocco's development slowdown and lays out several priorities for the country for the period 2021–35. The NDM seeks transformations across four domains: the economy, human capital, inclusion and solidarity, and territories and sustainability. In addition, the model calls for a stronger partnership between the state and citizens and introduces a new set of principles to guide concerted actions among a wide range of stakeholders. These principles include achieving results and concrete impact for citizens, promoting innovation and seeking systems approach through partnership, and strengthening capacity and subsidiarity across levels of governments. Finally, the model seeks to activate two levers to implement these changes: a renewed administrative apparatus and digital technologies (CSMD 2021).

Figure 1.2. Labor Force Participation Rate

a. Labor force participation for Morocco compared with Middle East and North Africa average



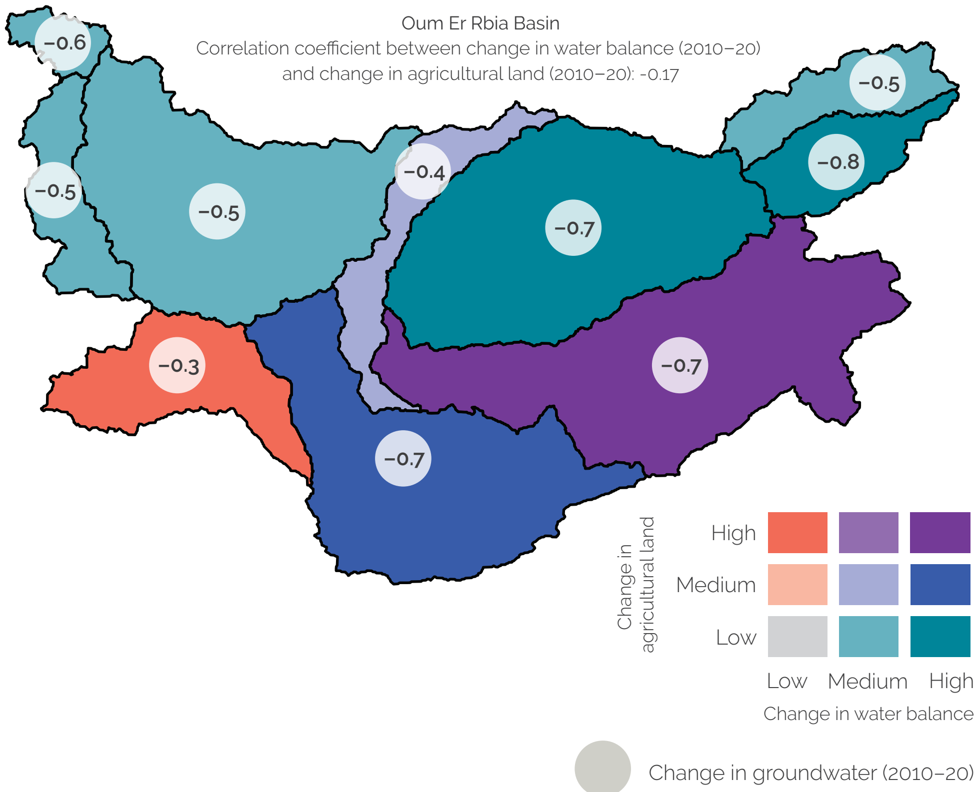
b. Female labor force participation for Morocco



Source: ILOSTAT (database) 2020, International Labour Organization.

Note: Share of the female labor force, ages 15 and older, that is economically active; labor force is defined as all people who supply labor to produce goods and services. Data are a weighted average. The International Labour Organization estimates are harmonized to ensure comparability across countries and over time by accounting for differences in data sources, the scope of coverage, the methodology, and other country-specific factors. The estimates are based on nationally representative labor force surveys, with other sources (population censuses and nationally reported estimates) used only when no survey data are available. Data were retrieved on June 15, 2021. MENA = Middle East and North Africa.

Figure 1.3. Agricultural Land Changes and Water Balance Changes in the Oum Er Rbia Basin, 2010–20



Source: Independent Evaluation Group.

Note: The correlation coefficient between the change in water balance (2010–20) and the change in agricultural land is −0.17. The Country Program Evaluation team used a geographic information system model to estimate the water budget and assess changes in arable land and groundwater levels in Morocco's Oum Er Rbia basin. The water budget accounts for the water that flows in and out of a specific area. Appendix A provides more details. The following formula estimates changes in the water budget between 2010 and 2020: Water budget = Precipitation – Evapotranspiration – Runoff. This map was cleared by the World Bank Group cartography unit.

The World Bank Group's Role in Morocco's Development

The Bank Group's strategy in Morocco shifted over the evaluation period from an opportunistic approach to a more selective one. The three main strategy documents during this period included the FY10–13 Country Partnership Strategy (CPS), the FY14–17 CPS, and the FY19–24 Country Partnership Framework (CPF; figure 1.4 and appendix E). The International Finance Corporation (IFC) developed its own country strategy in FY19. The

Bank Group also produced three core diagnostics: the 2017 Country Economic Memorandum (CEM), the FY18 Systematic Country Diagnostic (SCD), and the FY19 Country Private Sector Diagnostic. The FY10–13 CPS was very broad with 44 objectives spanning 12 outcome areas (appendix E; World Bank 2009). It responded to the government's demand for increased financing and analytical work in all sectors with little selectivity. The CPS's 2012 Mid-Term Review responded to the Arab Spring and constitutional changes by focusing more on inclusion, governance, and citizen voice (World Bank 2012a). After its publication, there was a gradual effort to increase selectivity. First, the FY14–17 CPS (World Bank 2014b), which was informed by a 2014 CPS Completion Report Review (World Bank 2014c), had a narrower scope than the previous CPS, with only 12 objectives across three outcome areas. Despite this strategic refocusing, the Bank Group's project portfolio continued to grow because of the government's demand for single-sector development policy financing (DPF). Second, the 2016 Performance and Learning Review introduced more selectivity (World Bank 2016b). By then, the growing portfolio faced challenges from declining disbursement ratios, deteriorating implementation ratings, and several unsatisfactory investment projects at closing. The World Bank's newly appointed country director conducted the 2016 Performance and Learning Review and a portfolio deep dive exercise jointly with the government and, in response, put in place several mechanisms to increase the selectivity of investments, including readiness and governance filters. As a result, the country program dropped or paused several work areas. For example, new water sector support was withheld until water social safeguard issues on land acquisition and compensations were addressed, and justice sector work and anticipated support for tourism diversification and information and communication technology were canceled. This was, in part, to make space for more programing on jobs, governance, and human capital, as suggested by the 2015 Middle East and North Africa Regional strategy (Devarajan and Mottaghi 2015), which emphasized social contracts, and by ongoing work on the CEM. Third, informed by the 2018 SCD (World Bank 2018), the 2019 CPF continued this trend toward greater selectivity, keeping to 12 objectives and three outcome areas but narrowing its engagement within those outcome areas (World Bank 2019a). For example, the 2019 CPF moved away from the broad support for basic service deliveries that was part of the previous strategy and focused mostly on water services. Likewise, over the same period, the country program's strategy evolved from a broad pursuit of urban and territorial development to a clear focus on improving infrastructure in cities and urban agglomerations.

Figure 1.4. The World Bank Group's Engagement in Morocco, Fiscal Years 2010–20

Outcome Areas	FY10–13 CPS	FY14–17 CPS	2018 SCD Priority Pathways	FY19–24 CPF
Private sector–led growth and job creation			Getting closer to the efficiency frontier	
Competitiveness and business environment	Improve business environment	Enhance business environment	Through favorable business conditions	More efficient environment for business and competitiveness
Access to finance	Financial sector reform	Improve access to finance	Through favorable access to finance	Increase access to finance
Support to MSME	SME growth		Through competition and innovation	Private sector growth with a focus on MSMEs and youth employability
Agrifood development	Agricultural sector reform	Increase productivity of agrifood sector		
ICT	Enhancing ICT competitiveness			Strengthening digitization and the digital infrastructure
Human capital			Leveraging and pushing the efficiency frontier	
Human capital formation	Quality and access in education and health sector reform	Access to basic services in education and health	Through quality education and early childhood development	Early childhood development services; quality and effectiveness of education systems; quality and efficiency of health delivery systems
Human capital protection	Social protection reform	Access and effectiveness of social protection, especially for youth	Through targeted social protection programs	Strengthen social protection for poor and vulnerable people
Labor force participation	Skills and employment; social inclusion of women and youth	Better match skills with job market needs	Through labor market reform and gender mainstreaming	Empowering women and girls as cross-cutting theme

Inclusive and sustainable development			Pushing and greening the efficiency frontier	
Water	Improve irrigation system; improve water management	Strengthen management of coastal and water resources	Through improved access to quality public services	Improve access to sustainable water resources
Energy	Low-carbon energy reform	Reliable electricity; renewable energy and energy efficiency		
Spatial development	Urban development; rural transport; solid waste management; integrating lagging regions	Basic services (water, sanitation, electricity, transport, and telecom)	Through urban and territorial development	Improve performance of key infrastructure delivery services of cities and agglomerations
Climate and DRR	Climate change adaptation planning	Prevent and mitigate against natural disasters	Through integrated climate adaptation and water management	Strengthen adaptation to climate change and resilience to natural disasters
Governance			Governance as overarching pathway	
Public sector reform	Public sector management	More accountable management	Through improved public policy formulation and coordination	Improve efficiency of public spending
Justice	Improving justice system for better services		Through rule of law and justice	
Citizen engagement		Support inclusive governance and citizen access to information	Through access to information and accountability, voice, participation, and engagement	Improve transparency and develop the building blocks for effective citizen-state engagement

Source: Independent Evaluation Group.

Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; DRR = disaster risk reduction; FY = fiscal year; ICT = information and communication technology; MSMEs = micro, small, and medium enterprises; SCD = Systematic Country Diagnostic; SME = small and medium enterprise.

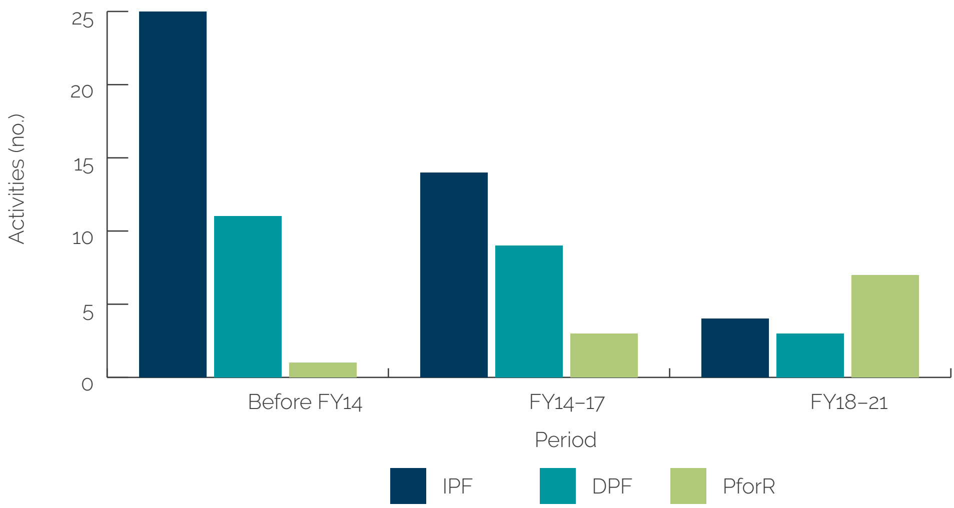
The World Bank's choice of lending instruments evolved with its strategy, shifting from instruments that achieved reforms to instruments that supported implementation and results management (figure 1.5). From FY11 to FY21, the Bank Group committed $11.2 billion to Morocco, almost half of which was delivered through budget support instruments (table B.1). During the 2000s, investment project financing (IPF) was the most common instrument. However, during the FY10–13 strategy period, the World Bank preferred DPF to respond to the government's desire to develop first-generation sector policies. As a result, single-sector development policy operations (DPOs) became the World Bank's lending instrument of choice. DPF was also consistent with other donors' strategies, particularly the advanced status agreement between the European Union (EU) and Morocco, and led the World Bank to deliver several DPOs jointly with other donors. However, the 2014 CPS Completion Report Review cautioned against over-relying on single-sector DPOs, especially as Morocco struggled to implement reforms and began embarking on second-generation reforms that were more cross-sectoral in nature. This warning was heeded during the FY14–17 strategy period as the World Bank began to rely more on Program-for-Results (PforR) operations, which are geared toward outcome-centered programming in line with Morocco's organic law on performance budgeting. By the most recent strategy period (FY19–24), PforR replaced DPF as the instrument of choice across almost all sectors, with seven PforR operations approved compared with only three DPF activities approved (table B.1). In addition, the number of IPF activities declined from 25 during FY11–14 to only four during FY18–21, which was partly the result of the poor performance of IPF activities, especially grant-funded investments, as highlighted in the 2016 Performance and Learning Review. The World Bank ramped up its analytical work over the evaluation period, from 23 advisory services and analytics (ASA) activities in FY11–14 to 48 in FY18–21. The World Bank also became more strategic in its use of ASA, from providing ASA on demand to anchoring ASA under specific strategy pillars.

IFC used both investments and advisory services to promote private sector development in Morocco. IFC's investments during FY11–14 predominantly involved equity and indirect equity financing. However, IFC's instrument mix shifted toward debt investments starting in FY14. Advisory services represented almost 40 percent of IFC's operations in FY11–14, but this increased to 58 percent in FY18–21, particularly after the release of IFC's new country strategy in 2019 (appendix B, table B.1). A quarter of IFC's advisory services projects were implemented jointly with IFC's investment projects that had the same development objectives.

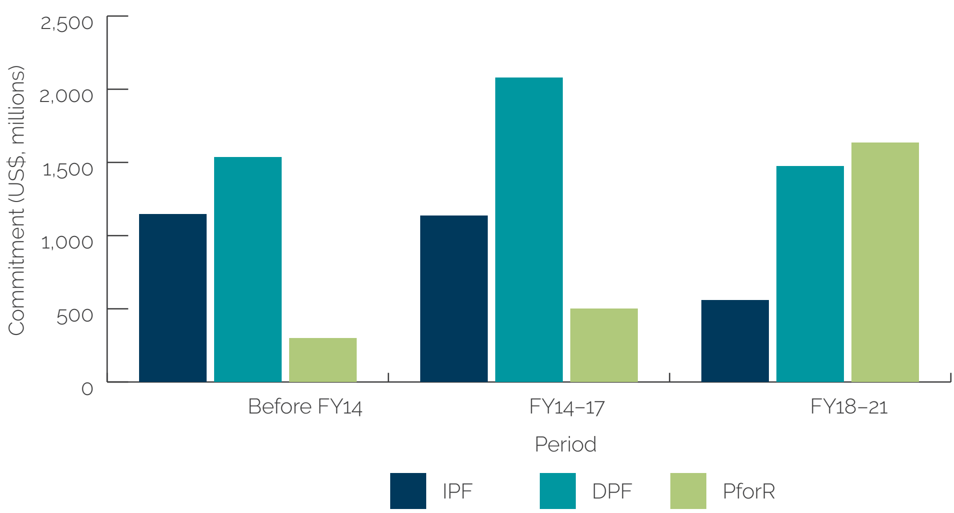
The Bank Group did not have an explicit partnership strategy with other development financiers in Morocco but sought out opportunities to engage in cofinancing arrangements. The three country strategies are rather silent on the Bank Group's strategic positioning among Morocco's other development partners. However, all of the Bank Group's strategy documents acknowledge the importance of coordinating its budget support to the government with other financiers. For example, during the FY10–13 strategy period, the World Bank coordinated its budget support with the EU in five sectors for which the government was developing sector strategies. In addition, there are a few exceptions in which the Bank Group's strategic priority areas explicitly considered the work of Morocco's other development partners. One such example was in the FY19–24 CPF (World Bank 2019a), where the Bank Group justified its decision not to engage in rule of law issues, even though they were highlighted in the 2018 SCD, because the EU plays a prominent role in this area and because the World Bank's past justice sector engagement was not successful (as discussed in chapter 5). Toward the end of the evaluation period, the World Bank also stepped up its convening role. For example, in 2018, the World Bank, along with the African Development Bank and the United Nations Development Coordination Office, reinstated a formal donor coordination mechanism and convened regular meetings with Morocco's main bilateral and multilateral development partners (Le Groupe Principal des Partenaires; Group of Main Partners). The World Bank also seized the opportunity to build synergies with other partners' agendas. For instance, in 2019, the World Bank coordinated the design of its IPF on youth employment with the French Development Agency.

Figure 1.5. Evolution of the World Bank's Financing Instruments, Fiscal Years 2011–21

a. World Bank financing by number of activities



b. World Bank financing by commitment amounts

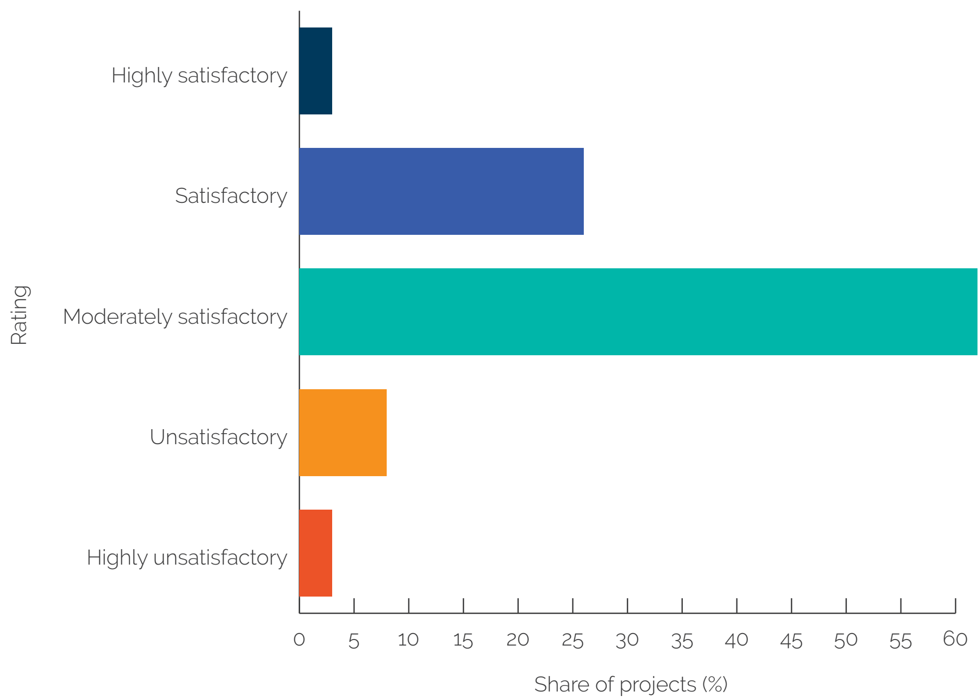


Source: Independent Evaluation Group portfolio review and analysis.

Note: Before FY14 = activities active during FY11–21 but approved before FY14; FY14–17 = activities approved between FY14 and FY17; FY18–21 = activities approved between FY18 and FY21. DPF = development policy financing; FY = fiscal year; IPF = investment project financing; PforR = Program-for-Results.

The average overall development outcome rating for World Bank–supported projects that closed during the evaluation period was moderately satisfactory. This rating is the same as the average rating for all projects in the Middle East and North Africa Region during that time. The Independent Evaluation Group evaluated 39 (74 percent) of 53 closed projects. Of these, about 60 percent were rated moderately satisfactory compared with 50 percent in Middle East and North Africa, and about 30 percent were rated satisfactory or above compared with about 33 percent in Middle East and North Africa. Only about 10 percent of projects in Morocco were rated unsatisfactory or below. At a sector level, operations were more highly rated in the sectors of Finance, Competitiveness, and Innovation; Energy and Extractives; Transport; and Urban, Disaster Risk Management, Resilience, and Land. Poorer-performing sectors included Agriculture and Food, Water, and Governance (figure 1.6 and appendix B). Average ratings were not computed for IFC because only four IFC investments and three IFC advisory services were subject to evaluations during the evaluation period.

Figure 1.6. Overall Outcome Ratings for World Bank Operations, Fiscal Years 2011–21



Source: Independent Evaluation Group.

Note: The chart shows Implementation Completion and Results Report Review development outcome ratings for projects that closed between fiscal years 2011 and 2021 (*N* = 39 closed projects).

Evaluation Framework

This report's evaluation framework relied on four design principles. First, it applied a theory-based evaluation of the Bank Group's contribution to country outcomes. This approach was appropriate because the Bank Group primarily uses indirect pathways of policy influence. Second, the framework used causal analyses "within" and "across" outcome areas. The team used the "within-case" analysis, including process tracing, for an in-depth study of the Bank Group's actions that led to changes in important outcome areas. The team used the "across-case" analysis to draw general patterns across all outcome areas. Third, the framework systematically applied five steps to evaluate the Bank Group's relevance and effectiveness across outcome areas (see the steps of the contribution analysis in box 1.1). Fourth, the evaluation framework used mixed methods to collect and analyze data and assess the value of the evidence. Box 1.1 briefly describes these methods, and appendix A describes them in detail, including how evaluation methods link to specific questions, and explains the evaluation's limitations.

Box 1.1. Methodology

- The team conducted a contribution analysis for each outcome area. The analysis consisted of the following steps: (i) unpacking contribution pathways (16 pathways across the three outcome areas) and reviewing data and diagnostic documents to establish outcome trends; (ii) formulating a theory of change and mapping the sequence of applied instruments; (iii) analyzing the content in project documents, government reform documents, evaluations when available, press coverage, and civil society organization reports; (iv) conducting complementary interviews; and (v) comparing findings across outcome areas.
- The team conducted 120 interviews: 85 with World Bank Group staff, 10 with Morocco's development partner organizations, and 25 with the Bank Group's government counterparts.
- The team conducted an in-depth process-tracing study of the impacts from World Bank knowledge products on policy adoption. This study included the reconstruction of process theories using policy influence literature from a 10-

(continued)

Box 1.1. Methodology (cont.)

year period and theory testing using evidence from interviews, media data, and high-level policy statements.

- The team conducted a targeted portfolio analysis of performance ratings, disbursement-linked indicators in Program-for-Results operations, and main-streamed digital solutions.
- The team conducted a geospatial analysis of water balances for irrigation projects in the Oum Er Rbia basin.
- The team conducted a regional analysis of investments by the World Bank, Morocco's development partners, and the government.

Source: Independent Evaluation Group.

[1] Between 1990 and 2010, the share of agriculture in output barely changed, dropping from about 15 percent of gross domestic product in 1990 to 13 percent in 2010.

2 | Getting to Policy Coherence

Highlights

Many development actors operate in Morocco, and Moroccan authorities are selective about which partners they turn to for policy advice.

In this crowded environment, the World Bank Group used its global benchmarking data, expertise in new development approaches, and capacity for cross-sectoral support to inform Morocco's policy reforms.

The World Bank's data and knowledge work, paired with a flexible policy dialogue, had significant impact on policy reforms. To inform policy content, the Bank Group capitalized on its management of global benchmarking data to initiate dialogues on policy reforms on private sector development, early childhood development, and institutional reforms. World Bank's analytics also revealed the depth of development problems in several sectors, such as education, social protection, and disaster risk management, prompting policy action in each domain.

The World Bank limited its role to just-in-time analytics when working with the government on subsidy and pension reforms because the World Bank's prominent presence could have complicated those politically sensitive reforms, thereby prioritizing policy impacts over recognition for its work.

The World Bank used the preparation and dissemination of the Country Economic Memorandum as a platform to engage in policy dialogue on critical reforms and navigated Morocco's political economy effectively.

This chapter assesses the relevance of the Bank Group's country engagement and its effectiveness in shaping Morocco's policy reforms. According to the royal commission on the NDM, Morocco's first systemic obstacle to development is its limited policy coherence, with a disconnect between the country's policies and its development goals. This chapter shows that, to effectively shape Morocco's policy reforms and affect Morocco's policy coherence, the Bank Group gained access to policy makers (see the Gaining Access section), informed the content of policies (see the Informing Policy Content section), and supported the country in reshaping the development model. The Bank Group succeeded in doing so despite the government's selective receptivity to development partners' advice. More specifically, the Bank Group used its global benchmarking data, tailored its knowledge products to the national context, guided the government in new development approaches, worked from the background on politically sensitive reforms, and applied a flexible approach to government engagement to reap a "policy influence dividend."

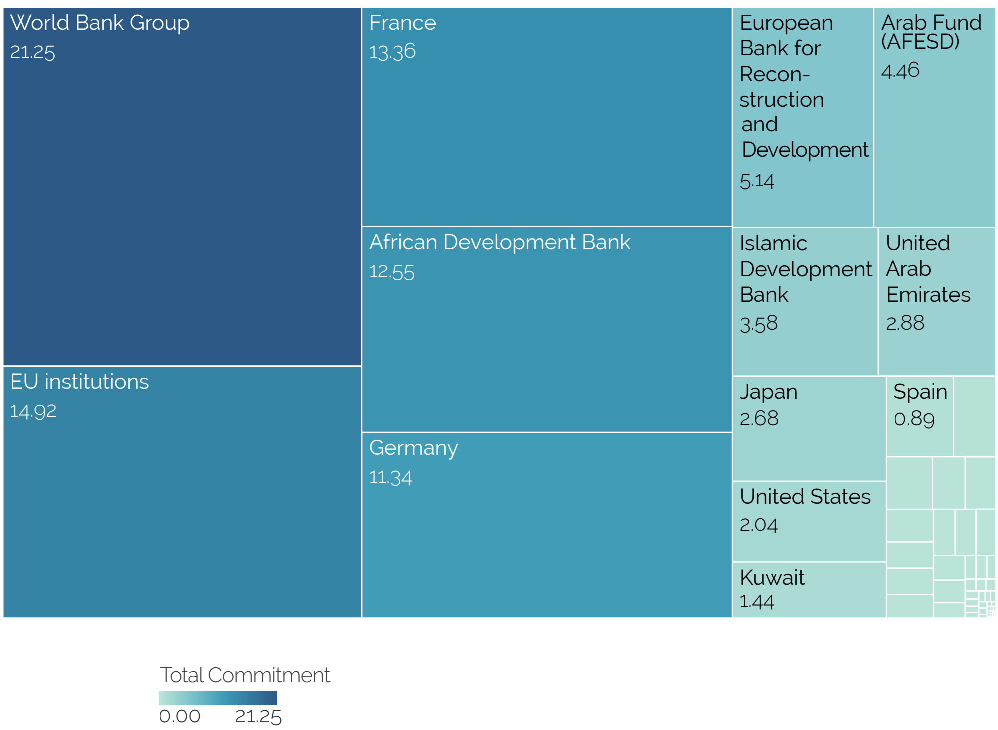
The lack of coherence across Morocco's sectoral strategies has undermined the country's development progress. Since the early 2000s, the Moroccan government has relied on sectoral strategies—such as the Solar Plan, the Emergence Plan, PMV, Numeric Morocco, and the 2020 Vision for Tourism—to develop its economy. As mentioned in chapter 1, the Bank Group was devoted to supporting these sector strategies through single-sector budget support DPF during FY10–13. However, the coordinated design and implementation of some public policies was challenging due to various factors, such as resistance to change of some stakeholders and ineffective coordination mechanisms. Policy coherence was a central theme in the king's speech in 2012 and in the governance forum in 2013. Several national diagnostics also highlighted these challenges (MAGG 2015a, 2015b). For example, a detailed study of Morocco's export competitiveness, conducted by Morocco's Royal Institute for Strategic Studies in 2013 and updated by the Organisation for Economic Co-operation and Development in 2017, highlighted the costs from inconsistent trade and industrial policies (IRES 2013; OECD 2017a). Moreover, the Emergence Plan was adopted too late (2005) to allow Morocco to take advantage of the trade agreements it signed in 1998. As a result, Moroccan exports were not competitive, and tariffs were not adjusted to support the growth of Moroccan businesses. Government studies also show incoherency in agricultural and industrial policies, which negatively affected agribusiness development. The Organisation for Economic Co-operation and Development's multidimensional study of Morocco's development over two decades concluded that the lack of coherence directly influenced the public sector's effectiveness and the country's social and economic performance (OECD 2017a, 2018c). The Bank Group recognized these issues and adjusted its strategy during the FY14–17 strategy period to promote more multisectoral approaches. Examples, results, and lessons from World Bank support to multisectorality are described in chapter 4.

Gaining Access

Development partners tend to have limited influence at the agenda-setting stage of the policy process in Morocco. The country has a crowded aid market, with many potential partners available to support its development agenda. The Moroccan government also communicates relatively infrequently with partners according to a 2014 reform effort survey by AidData (Custer et al. 2015). The survey found that, on average, development partners have limited influence when setting the agenda of the policy process in Morocco. According to the survey, Morocco ranked among the 10 countries least influenced by development partners in determining which reforms to pursue. Interviews with more than 20 government officials and 10 development partners confirmed that Morocco is a selective client, with a sharp eye for discerning partners' comparative advantages and deciding when to listen to their advice or not. In interviews, government counterparts had a clear view of the circumstances under which they would take the Bank Group's advice or turn to other donors or consultancy firms for recommendations. In interviews, other development partners felt that, at times, it was more challenging to get "the ear" of Morocco's decision makers and to coordinate among partners with whom the government tended to prefer operating bilaterally.

In this crowded environment, the Bank Group has gained the trust of Moroccan authorities to have a lead advisory role in key policy domains. Over the past decade, the Bank Group has been Morocco's lead development partner, as measured by overall commitment amounts (figure 2.1). It was the primary partner in climate adaptation, public sector governance, business environment, and MSME development, among others. The Bank Group played a secondary role in other domains, such as education (as shown in figure 2.2), and an even more limited role in health and gender equality (as shown in appendix C). In the areas where the World Bank has played a lead role, it has also exercised its convening power despite the limited incentives for donor coordination. All interviewed donors appreciated the World Bank's efforts to mobilize the Group of Main Partners (Le Groupe Principal des Partenaires).

Figure 2.1. Distribution of Total Commitments by Partner, 2010–20 (percent)



Sources: Independent Evaluation Group; Organisation for Economic Co-operation and Development Creditor Reporting System 2022.

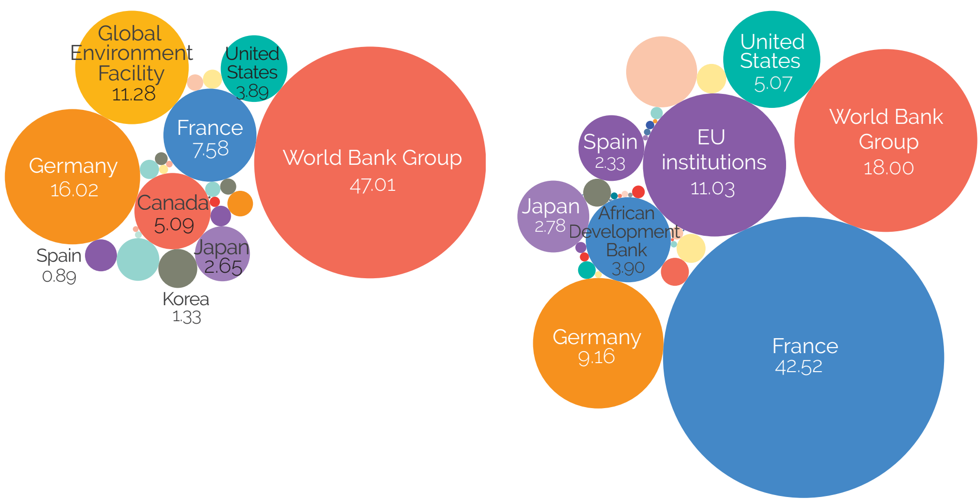
Note: Commitment figures for the World Bank Group are as reported in Organisation for Economic Co-operation and Development Creditor Reporting System for comparability. AFESD = Arab Fund for Economic and Social Development; EU = European Union.

The Moroccan government had a clear opinion of the Bank Group's comparative advantages. In interviews, government counterparts perceived the Bank Group to have five key comparative advantages over other development partners: (i) the Bank Group's innovativeness, (ii) its capacity to bring the best expertise across a range of topics to Morocco, (iii) its ability to frame solutions for cross-sectoral challenges, (iv) its readily and quickly available analytics, and (v) its knowledge-brokering power that facilitates South-South learning. When the Bank Group mobilized these comparative advantages, it was more likely to gain a "seat at the table." Examples of how the Bank Group leveraged these comparative advantages are included in the following chapters.

Figure 2.2. Relative Size of World Bank Group Commitments (percent)

a. The World Bank Group as the primary partner: Climate adaptation and disaster risk reduction

b. The World Bank Group as the secondary partner: Education



Sources: Independent Evaluation Group; Organisation for Economic Co-operation and Development Creditor Reporting System 2022.

Note: Commitment figures for the World Bank Group are as reported in Organisation for Economic Co-operation and Development Creditor Reporting System for comparability. Activities not mapped to any working area are excluded from the calculations. EU = European Union.

Informing Policy Content

The Bank Group capitalized on its management of global benchmarking data to initiate dialogues on policy reforms. Interviews with Bank Group staff and development partners and an analysis of media sources and high-level policy statements indicate that the government pays close attention to its ranking on global development indicators and is sensitive to "data optics." Over the past decade, the Bank Group has capitalized on this interest by using its global benchmarking publications to initiate dialogues with Moroccan authorities in several policy domains. Specifically, the Bank Group was able to use the Changing Wealth of Nations indicators, the Human Capital Index, and the *Doing Business* (*DB*) rankings to initiate dialogues and influence Morocco's policy agenda on public sector governance, education and early childhood development (ECD), and market competitiveness and the business environment (discussed further in chapter 3).

The World Bank's data work revealed the depth of development challenges in education and ECD, prompting policy action. The World Bank's data work revealed three troubling new human development trends. First, the World Bank assembled data from four surveys between 2003 and 2016 to show that, from 2015 to 2016, only 43 percent of Moroccan children ages four or five years were enrolled in preschool; that figure was only 28 percent in rural areas (El-Kogali et al. 2016). It also revealed for the first time that the poorest Moroccan children were much less likely (16 percent) to benefit from development activities compared with the richest children (58 percent). Second, the World Bank was the first to assess the impact of Morocco's National Initiative for Human Development (INDH) on ECD outcomes, revealing the INDH's shortcomings. Third, the World Bank's release of the Human Capital Index showed that shortcomings in ECD and education quality meant that Moroccan children born today will be only half as productive as if they had benefited from full health and learning. This result was lower than the regional average. The World Bank mobilized all this evidence to open a window for policy dialogues with the government on preschool education. These dialogues and analytical work became particularly useful and aligned with the king's 2018 speech that enshrined preschool education as a national priority and called for it to gradually become compulsory. After the speech, the government launched a national program to ensure universal access and improve the quality of preschool education. This work paved the way for the 2019 signing of a $500 million PforR operation—the Morocco Education Support Program.

The World Bank's analytical support informed Morocco's subsidy reforms at a time when skyrocketing subsidy prices demanded these changes. All government counterparts interviewed for this evaluation argued that one of the Bank Group's comparative advantages is its ability to quickly mobilize "top-notch" knowledge and expertise when Moroccan authorities require it. For example, the World Bank and the International Monetary Fund engaged in a long-standing dialogue with Morocco on its costly and unequal subsidy program, which favored the wealthiest households (World Bank 2014c). The direct cause for the subsidy reform was the threefold increase in oil prices between 2010 and 2012 that almost tripled the government's food and energy subsidy bill from less than 2.5 percent of GDP to 6.5 percent and made subsidy reforms urgent for the government's fiscal sustainability. As a result, the government requested the World Bank's analytical support, which included technical assistance and both stand-alone and programmatic ASA during FY11 and FY12. The World Bank responded by modeling various reform scenarios that synthesized the experience of 20 countries that had undertaken such reforms. The World Bank also assessed the political economy of the reforms to propose an ideal implementation pace and compensatory measures. This support informed the 2014 Budget Law, which removed subsidies on the domestic price of diesel, gasoline, and industrial fuel oil. By 2019, the share of subsidies had fallen to 1.6 percent of GDP. High-level government officials involved in the reforms said that the Bank Group's early assistance decidedly shaped their decision-making.

Building on the success of the subsidy reforms, the World Bank deployed a large body of analytical work to help Morocco set up the foundation for a modern social protection system. In parallel to the subsidy reform, Moroccan authorities were considering options for strengthening the effectiveness and efficiency of their social programs, and after November 2013, the government consulted widely to assess the feasibility of social programs targeting. At the end of the 2000s, the World Bank had already conducted a comprehensive diagnostic of the state of Morocco's social programs and drafted options for a social protection strategy for the country. It mobilized this rich evidence base and conducted additional analytics to assess the technical, financial, and political feasibility of Morocco's core social safety net programs—Regime d'Assistance Medicale, DAAM (Aide Directe aux veuves en situation de précarité ayant des enfants orphelins à charge), and Tayssir (World Bank 2014b; World Bank and ONDH 2015). The reports' recommendations were widely disseminated and used in dialogue with key ministries—the Ministry of General Affairs and Governance, the Ministry of Interior, and the Ministry of Finance. The immediate outcome of the World Bank's knowledge work and policy dialogue was the engagement on building a national and unified social registry (see chapter 4). When the COVID-19 pandemic prompted further reforms, which were announced by His Majesty King Mohammed VI in October 2020 calling for "social welfare coverage for all Moroccans" with an ambitious timeline, the World Bank's preparatory analytical work, continuous technical assistance, and investments in social protection systems became the backbone of the ongoing reform, which aims to expand social protection and health coverage to an additional 11 million workers by 2024 (as called for by the National Framework Law of 2021).

The World Bank provided upstream advice and cross-sectoral solutions to reform Morocco's disaster risk management (DRM). In 2004, a devastating earthquake struck the city of Al Hoceima, which opened a policy window for shifting Morocco's DRM approach toward preparedness. At this point, the World Bank provided upstream advice to Moroccan authorities and launched, along with the Global Facility for Disaster Reduction and Recovery and the Swiss Agency for Development and Cooperation, a comprehensive assessment of disaster risk in Morocco (World Bank, GFDRR, and SDC 2013). The analytical work on the costs of disasters stimulated a partnership with the government on DRM and improved government agencies' awareness and understanding of disaster risks and the cross-sectoral nature of DRM (World Bank, GFDRR, and SDC 2013). Despite delays, the dialogue progressed toward a $200 million PforR operation that was codeveloped with the Ministry of Interior, a powerful ministry playing a vertical coordination function. The operation introduced a new financing and capacity-building mechanism, which enabled local authorities and civil society organizations to acquire funding for disaster preparedness projects across sectors. It also set up a private insurance system for households and businesses, and it compensated uninsured people through a national solidarity fund that has been operational since January 2020. In 2019, the World Bank approved a follow-on DPF with a catastrophe deferred drawdown option with prior actions that would complete the solidarity fund's governance structure, establish a sustained financing mechanism, and provide a framework for registering disaster victims. The catastrophe deferred drawdown option was disbursed in April 2020 when the COVID-19 pandemic triggered the emergency against which the loan disbursed.

The World Bank ensured its impact on Morocco's pension reforms by strategically limiting its support to just-in-time analytics. The World Bank chose this strategy when its involvement could be problematic for the government's reform agenda. Morocco's pension reforms provide a good example of this dynamic. Various estimates from the early 2000s predicted that the public pension system for civil servants, the Caisse Marocaine des Retraites, would be unsustainable (Robalino et al. 2005). In the mid-2000s, the World Bank tried to convene the various entities involved in the fragmented pension system toward a common view. However, the unions distrusted the process, in part because of the World Bank's participation. In the early 2010s, the government convened a National Technical Commission consisting of many stakeholders to pension reforms. However, several key stakeholders, such as retiree associations and civil service contributors, had a negative perception of the World Bank. As a consequence, the World Bank chose to maintain a low profile and not participate directly in the commission. Instead, the World Bank provided a technical review of the proposed reform and technical assistance on parametric adjustments to the retirement age and contribution and accrual rates. The commission's work led to the inclusion of a comprehensive, three-phase pension reform in the 2014 Budget Law. Once the law was approved, the World Bank supported the reform's first phase through its FY13 Capital Market Development and SME (small and medium enterprise) Finance DPO ($300 million) with prior actions that would increase the retirement age and contribution rates and reduce accrual rates. In December 2017, Morocco passed a law establishing a pension program for various categories of workers, including independent and nonsalaried workers. The World Bank's involvement was again strategically minimized during the implementation phase, but the World Bank's just-in-time data and technical assistance work were key to passing the reforms.

When disagreement on the industrial policy caused policy dialogue to sour, the Bank Group continued to pursue analytical work on the topic, which ultimately gained traction. Morocco's Emergence Plan (2005) has been the cornerstone of the country's industrial policy for the past decade. It relies on subsidies, advantageous taxes, major public investments in infrastructure, and incentives to attract major foreign direct investments. However, many aspects of the Emergence Plan were at odds with the Bank Group's preference for a private sector–led growth model. In the early 2010s, the Ministry of Industry perceived the World Bank to be insufficiently flexible on Morocco's Emergence Plan, limiting the World Bank's direct influence on the agenda, including tax reforms or the industrial development agenda for several years. However, both the World Bank and IFC continued to pursue analytical work on the topic and showed that policy measures at the core of the Emergence Plan created a highly stratified private sector that mostly benefited SOEs and large multinational firms (Chauffour 2018; IFC 2019; World Bank 2006, 2014c, 2018). The Bank Group showed that the model failed to trickle down to smaller domestic firms and that it did not raise private finance in the sectors essential for continued growth. Through Enterprise Surveys and other analytical work, the Bank Group and the International Monetary Fund demonstrated the distortionary effect of the plan's tax system on entrepreneurship—creating barriers for new entrants. Ultimately this body of evidence gained traction and was considered in the NDM.

The World Bank's flexible stance on Morocco's agricultural policy allowed it to directly influence that policy and remain a trusted partner to the government. Morocco's agricultural policy—PMV—started in the late 2000s and aimed to make agriculture the country's main driver of economic growth and job creation. The PMV was originally an export-led sectoral strategy to maximize the production of industrialized, commercial agriculture through agribusiness investments. Parts of the PMV ran counter to the World Bank's recommendations on agricultural development. For instance, the World Bank had a different perspective regarding the PMV's focus on public investments and incentives to intensify agricultural production for particular crops or regions. This included the second pillar of the PMV's focus on smallholders. The World Bank's diagnosis was that this could widen distortionary effects and prevent the natural movement of resources to more productive activities. At the same time, as the World Bank staff explained, the World Bank team was keen to continue discussing agricultural policy and not be sidelined. To do this, the World Bank worked within the framework of the PMV as a whole but limited its support to technical and financial aspects of the PMV where the World Bank had comparative advantage, ceding to other donors the aspects that ran counter to the World Bank's ideas. The trust established by this partnership allowed the World Bank to maintain a key seat at the table and effectively coordinate partner support in the sector. The review of World Bank operations in the agriculture sector shows that the World Bank was selective in the areas it supported, for example, by focusing on removing market distortions and improving knowledge and resource availability for smallholders and subsistence farmers.

The World Bank successfully used the preparation and dissemination of the CEM as a platform to engage in policy dialogue on sensitive reforms. The World Bank's 2011 global report, *The Changing Wealth of Nations: Measuring Sustainable Development in the New Millennium*, which ranks countries on their intangible capital,[1] triggered useful policy dialogues on Morocco's development model. The report shows that Morocco had a lower GDP than resource-rich neighboring countries, such as Algeria, but that Morocco also had relatively higher wealth rankings when intangible capital was calculated. Intangible capital refers to intangible assets such as human, social, and institutional capital. These favorable rankings made the front page of a high-profile Moroccan newspaper, *L'Economiste*, and captured the attention of authorities who called on the Economic, Social, and Environmental Council (Conseil Économique, Social et Environnemental; CESE) and the Bank Al-Maghrib (BAM) to study how to further enhance Morocco's intangible capital.[2] The World Bank saw an opportunity to capitalize on the moment. It acted as an adviser to the CESE report but also framed the CEM with a focus on what Morocco needed to do to increase its intangible capital. Unlike typical CEMs, which tend to be developed by a small internal World Bank team, this CEM was produced with key officials in Morocco's government. These conversations helped the World Bank raise awareness on critical topics—such as the lack of impartiality of the judiciary, the lack of youth opportunities, and the existence of unfair market competition where privileged firms and SOEs crowd out the private sector—with government officials who would also ensure that the CEM did not cross any lines that would make it inaudible to policy makers. This collaboration between the World Bank and Moroccan authorities created joint understanding of the CEM's proposals that became influential within the CESE and with other officials. In general, the CEM team had a high degree of autonomy to tailor the product to Morocco's needs, which enabled them to produce a slightly less diplomatic but more ambitious document. The CEM, along with other technical work from the World Bank Group, provided useful input to the diagnostic and forward strategy of the NDM.

[1] The term “intangible capital” refers both to the human and social resources of a country (level of education and health) but also to institutional resources, such as the rule of law and governance.

[2] Speeches to the nation constitute an integral lever of policy guidance for the monarchy. Recurrent edicts commemorate events central to Moroccan history, including the anniversary of the Revolution of the King and the People, the king’s accession to the throne (Throne Day), the anniversary of the Green March, and other keystone events. The speeches also provide a platform to announce major policy reforms.

3 | Leveling the Economic Playing Field

Highlights

Morocco has an economy where micro, small, and medium enterprises do not compete on a level playing field with large established firms and state-owned enterprises.

The World Bank Group capitalized on Morocco's desire to improve its *Doing Business* ranking by promoting wider reforms for fair market competition in Morocco.

The Bank Group strengthened domestic organizations that promote fair competition and ease of doing business for micro, small, and medium enterprises.

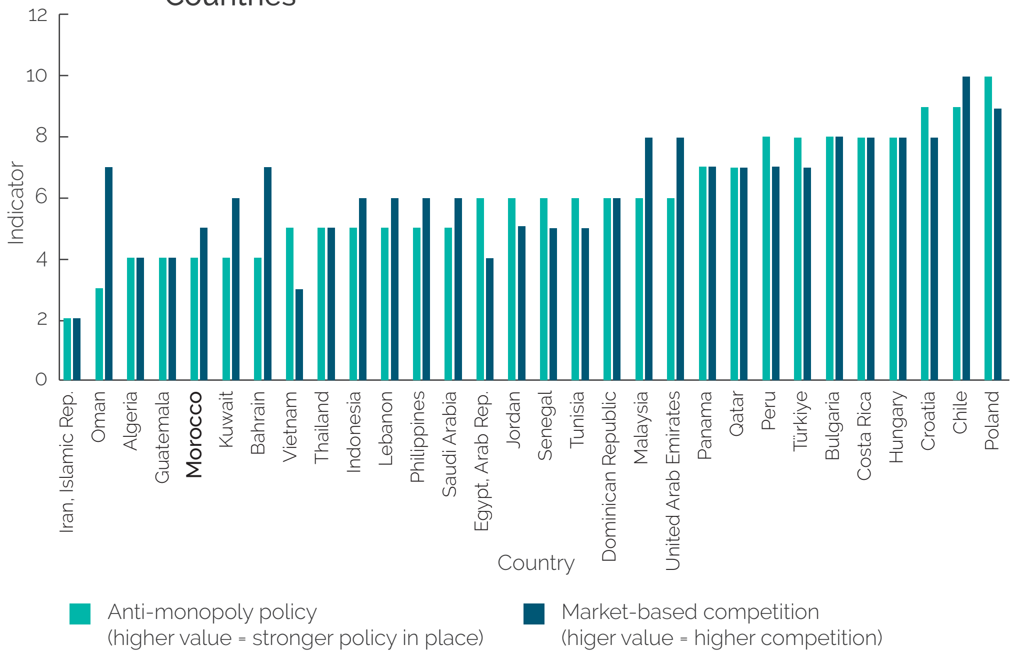
The Bank Group's efforts to increase competitive neutrality between state-owned enterprises and private businesses were piecemeal and disparate, ultimately yielding limited results.

The Bank Group's limited involvement in Morocco's industrial policy constrained its ability to improve the country's business environment.

The Bank Group helped micro, small, and medium enterprises and poor households access finance through a comprehensive approach to reform financial systems, the capital market, microfinance institutions, and the commercial banking sector.

This chapter evaluates the Bank Group's efforts to level Morocco's economic playing field and develop the country's private sector. In Morocco, large established firms and SOEs do not compete on a level playing field with SMEs and small private businesses. According to the NDM,[1] this is Morocco's second systemic obstacle to development (CSMD 2021). Morocco's anti-monopoly policy and market-based competition remain weak compared with other Middle East and North Africa countries (figure 3.1). Moroccan SOEs play a key role in Morocco's development, but they discourage private investment and increase fiscal pressure on the state. Morocco is among only 10 countries where SOEs are present in most national economic sectors (23 sectors).[2] Consequently, state-guaranteed concessional debt to SOEs amounts to 15 percent of national GDP. In addition, Morocco's industrial policy provides incentives and tax breaks to SOEs and preferred foreign and domestic investors, creating an uneven playing field for other small domestic firms (IFC 2019). Believing that limited competition and an overrepresentation of SOEs are major obstacles to economic development, the NDM calls for strengthening anti-monopoly policy and increasing incentives for SMEs and small private businesses. This chapter covers IFC and World Bank efforts to overcome this systemic obstacle. These efforts build on important Bank Group contributions in the 2000s to enhance competition in key sectors, such as telecommunications. Across the three strategy periods covered by the evaluation, the Bank Group focused on improving the business environment and enhancing access to finance, particularly for MSMEs. This analysis shows that the Bank Group achieved notable success in pursuing both goals, but its efforts to reform SOEs and enable private sector participation did not go far enough.

Figure 3.1. Select Competition Indicators for Morocco and Comparator Countries



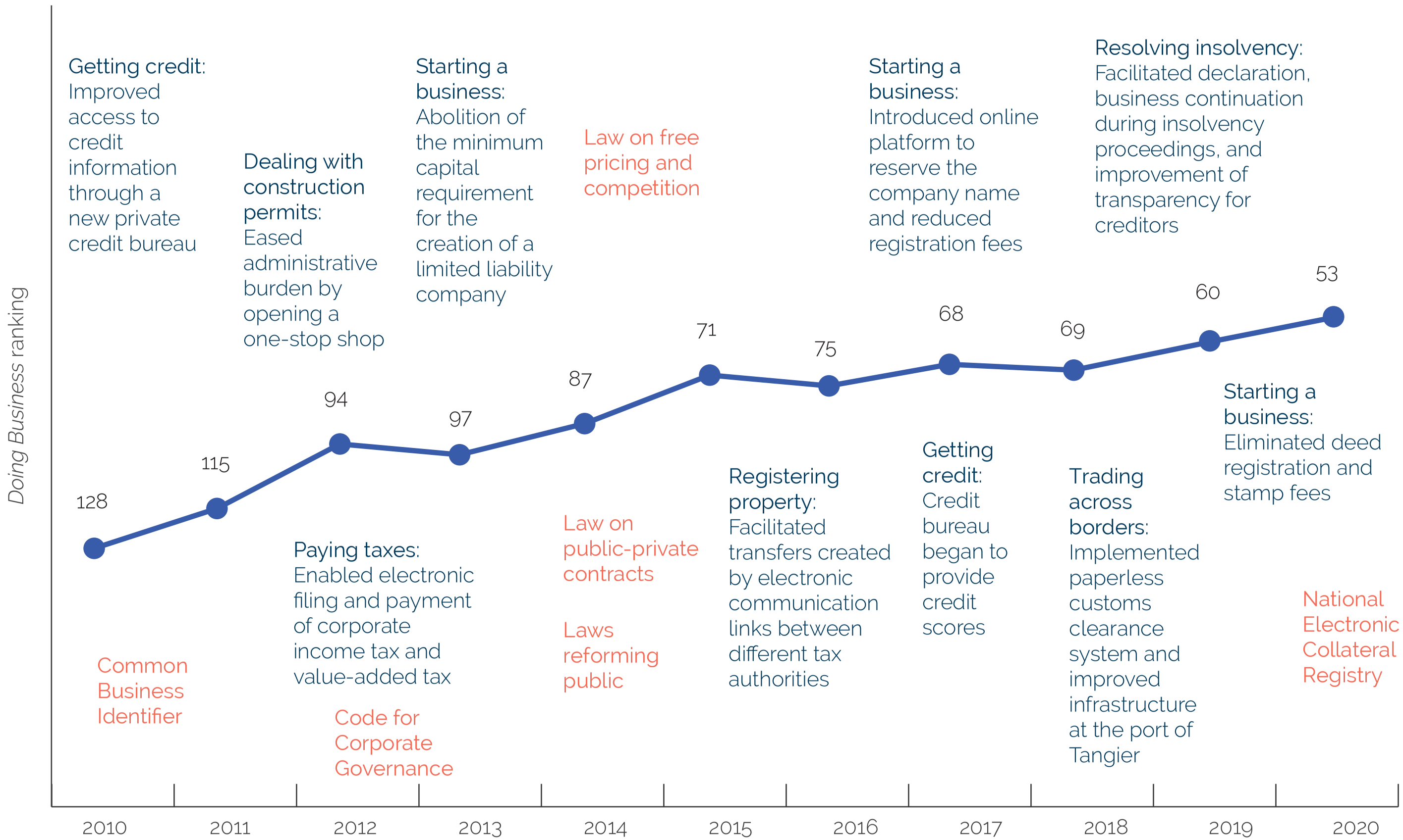
Sources: International Finance Corporation 2019; Transformation Index BTI 2018 (https://bti-project.org/en/?&cb=00000).

Increasing Competition

The Bank Group capitalized on the Moroccan government's desire to improve its *DB* ranking to achieve wider business climate reforms. The 2022 Independent Evaluation Group evaluation of the World Bank's *DB* indicators recognizes the powerful motivational effect they can have for governments (World Bank 2022a). In 2010, Morocco ranked 128th among 180 countries in the *DB* rankings. In interviews, government officials said that the low *DB* ranking catalyzed action at the government's highest levels to achieve progress.[3] In response, during the FY10–13 strategy period, IFC and the World Bank formed a *DB* advisory team to improve Morocco's performance in the 10 areas of business regulations.[4] This team helped Morocco improve its *DB* ranking to 53rd place in 2020 (figure 3.2). However, IFC and the World Bank did not stop there; they seized the opportunity to address other constraints not measured by *DB* indicators. Drawing on the findings of Enterprise Surveys for Morocco, the World Bank identified and helped the authorities to address other constraints to private sector growth not covered by *DB* indicators, such as limited labor skills, insufficient access to land and finance, and low institutional capacity. For example, the World Bank's programmatic DPO series—the Economic Competitiveness Support Program, which totaled $360 million between 2013 and 2015—included prior actions to reduce payment delays, regulate competition, and bring more transparency when awarding government contracts. The Bank Group also worked with the National Committee for Business Environment (Comité National de l'Environnement des Affaires; CNEA) to facilitate intergovernmental communication, increase access to enterprise data, and increase the transparency and efficiency of business registration, tax administration, customs procedures, and other public services to private firms. Moreover, the World Bank supported the introduction of the Common Business Identifier to improve the interoperability of government agencies and reduce the number of required documents and administrative transactions for creating and expanding businesses. It also enabled government systems to track enterprise data across tax, commercial, and social security registries. This work helped the government—through the Moroccan SME Observatory—better understand the constraints to enterprise development in Morocco and propose additional solutions. In 2021, the Bank Group discontinued the *DB* report and is currently developing a more comprehensive approach for assessing business and investment climates.

The Bank Group's efforts to level the economic playing field were boosted by helping the CNEA champion fair business practices. With Bank Group support, Morocco's government created the CNEA. Chaired by the prime minister, the CNEA is well positioned to mobilize technical leads across government agencies to change regulations. IFC notably provided technical assistance to build the CNEA's capacity to develop an action plan, coordinate investment climate reforms, and develop a monitoring and evaluation (M&E) framework, among other efforts. In 2019, IFC supported the CNEA's Enterprise Survey and COVID-19 follow-up surveys, which informed the government's 2021–25 business environment strategy. As a result of these efforts, the CNEA became the main agency driving the improvement in Morocco's business climate.

Figure 3.2. Morocco's Improvement in the *Doing Business* Ranking, 2010–20



Source: Independent Evaluation Group, using the World Bank's *Doing Business* database.

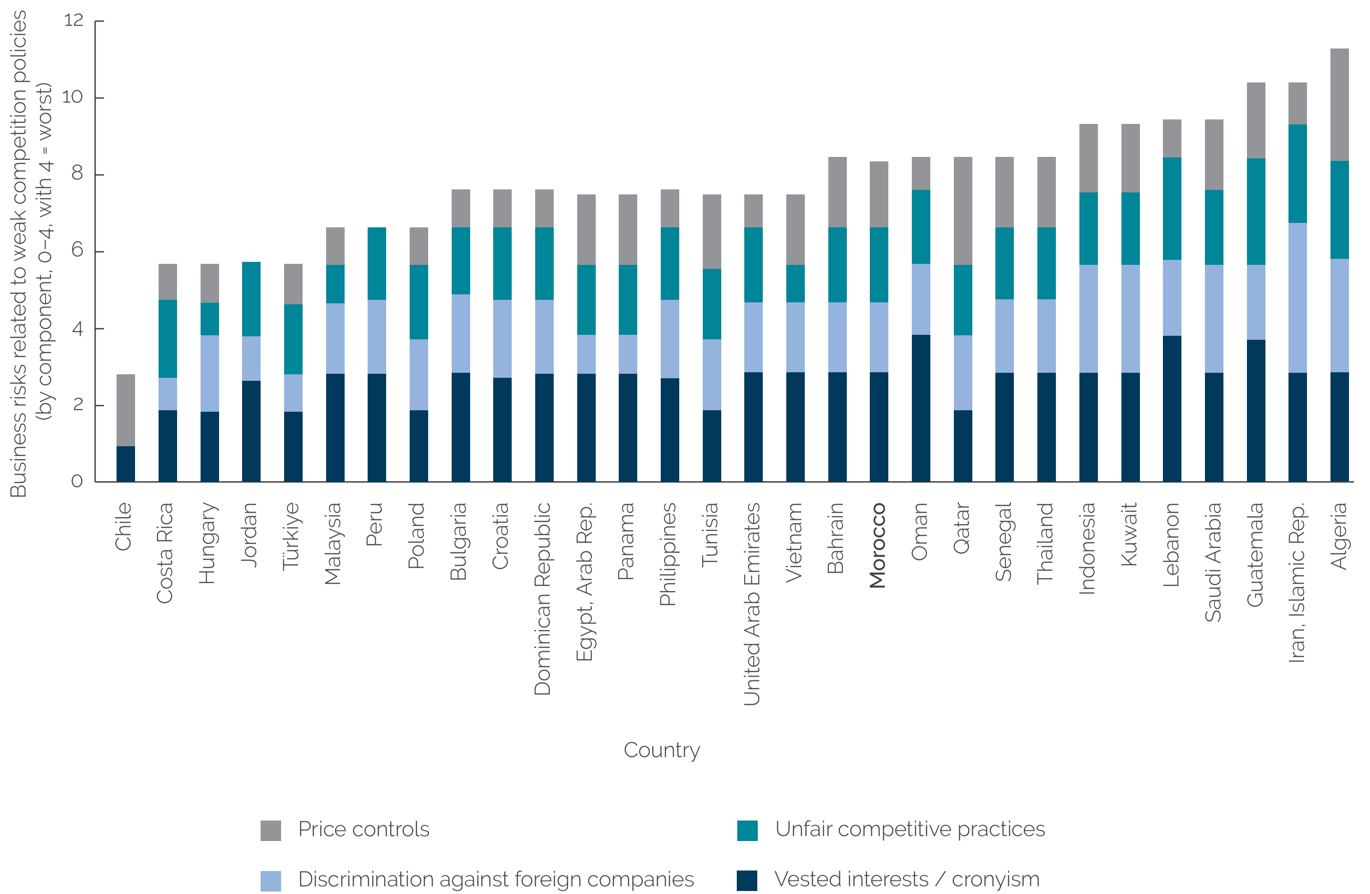
The Bank Group's efforts to help Morocco improve its Competition Council led to long-awaited legal and institutional reforms. A key objective of the Economic Competitiveness Support Program development policy loan (DPL) series was to transition the Competition Council from an advisory body to an independent regulatory agency with the power to investigate and sanction monopolistic behavior and private sector collusion. Supported by the Economic Competitiveness Support Program prior actions, Moroccan authorities passed two laws in 2014 that strengthened the powers of Morocco's Competition Council. Both the Bank Group and the EU, through a twinning agreement between the Moroccan and German Competition Councils, provided inputs on the reforms. The reforms created laws to regulate competition and equip the Council's permanent staff with knowledge and resources.[5] IFC built the council's capacity in antitrust investigations and market intelligence operations. IFC also helped the Council and the Ministry of Finance develop guidelines and criteria to assess mergers and partnered with Morocco's largest business association to train firms and the media on how to use the Competition Council.[6] As a result of these efforts, the "reactivated" Competition Council exercised its new powers to investigate and issue official decisions, of which there were 106 in 2019 and 82 in 2020 (Government of Morocco 2019b, 2020). Low competition remains a business risk in Morocco (figure 3.3), but these reforms increased the dynamism of the private sector. For example, the number of new businesses registered steadily increased from 2010 to 2019 (figure 3.4, panel a) and the average age of firms decreased, suggesting that older established firms exited the market while newcomers entered (figure 3.4, panel b). The share of enterprises that export products also increased from 19 percent in 2013 to 31 percent in 2019, which was well above the Middle East and North Africa average (22 percent; figure 3.4, panel c).

IFC helped the government establish alternative dispute resolution (ADR) mechanisms to overcome high fees and long delays in commercial courts. These costs and delays stemmed from ineffective case management, transparency, and anti-corruption mechanisms (IFC 2019). Through a series of advisory projects, IFC helped Morocco draft and roll out an ADR strategy, train mediators, launch mediation courses through business schools, develop an ADR center in Casablanca, and draft a new law on court-connected mediation. The ADR mechanism referred over 2,000 cases to mediation with 80 percent of these disputes being resolved. These cases mainly benefited

SMEs, not SOEs, and resulted in about $236 million being released back to the private sector for productive uses. Moreover, private sector clients saved an estimated $198 million by not using the commercial courts to resolve disputes. The ADR mechanism helped reduce the courts' backlog of cases, particularly those related to SMEs in the banking and insurance sectors. The ADR mechanism contributed to improving Morocco's global *DB* ranking in contract enforcement from 108 in 2010 to 60 in 2020.

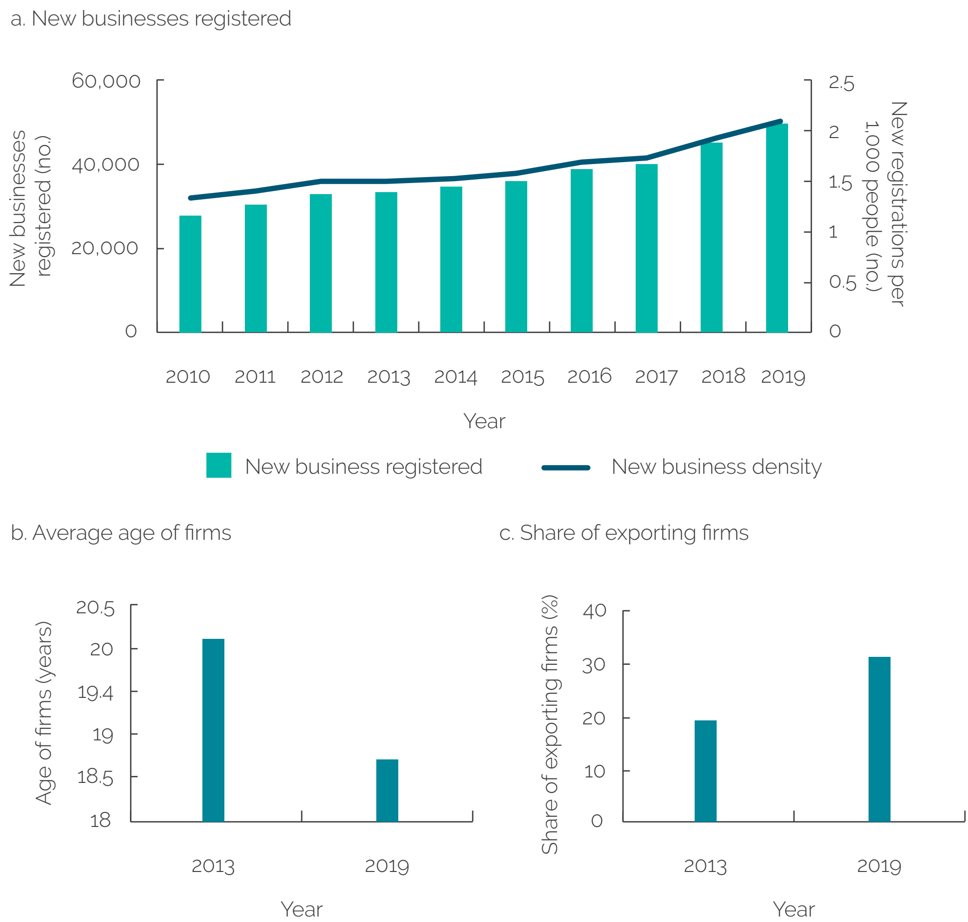
The World Bank helped improve transparency and accountability in public procurement by focusing on strengthening a few key institutions. Government contracts represent 17 percent of Morocco's GDP but are tilted toward privileged firms and SOEs. The World Bank's Country Procurement Assessment Reports during the 2000s highlighted shortcomings in the national procurement system, including the lack of a credible and independent complaint-handling system, the exemption of certain contracts from public procurement regulations, and the fact that public procurement decrees did not apply to nonstate entities. The World Bank used its Transparency and Accountability DPO series (Hakama; $407 million during 2013–16) to enforce public procurement decrees (World Bank 2020a). These laws bring SOEs within the public procurement regulatory framework, introduce electronic procurement, open construction contracts to competition, and mandate that 20 percent of public contracts are allocated to SMEs. To achieve these legal changes, the World Bank created or built the capacity of institutions involved in public procurement. For example, in 2016, with the support of a World Bank–financed Institutional Development Fund operation, Morocco established the National Commission for Public Procurement as an independent body to handle grievances. The World Bank also trained key partners in SOEs, the Treasury, the CNEA, relevant ministries, and Regional Investment Centers (Centres Régionaux d'Investissement; CRIs) in e-procurement. These efforts helped SMEs access public procurement markets and improved the procurement process for public-private partnerships (PPPs). However, those efforts need to be further strengthened to ensure efficient management of government contracts. The share of domestic firms that gave gifts to secure government contracts barely moved from 60 percent in 2013 to 58 percent in 2019, which is far above the average of 32 percent in Middle East and North Africa and lower-middle-income countries (World Bank Enterprise Surveys, 2013 and 2019).

Figure 3.3. Business Risks Related to Weak Competition Policies in Morocco and Other Comparators



Sources: Economist Intelligence Unit 2018; International Finance Corporation 2019.

Figure 3.4. The Dynamism of Morocco's Private Sector



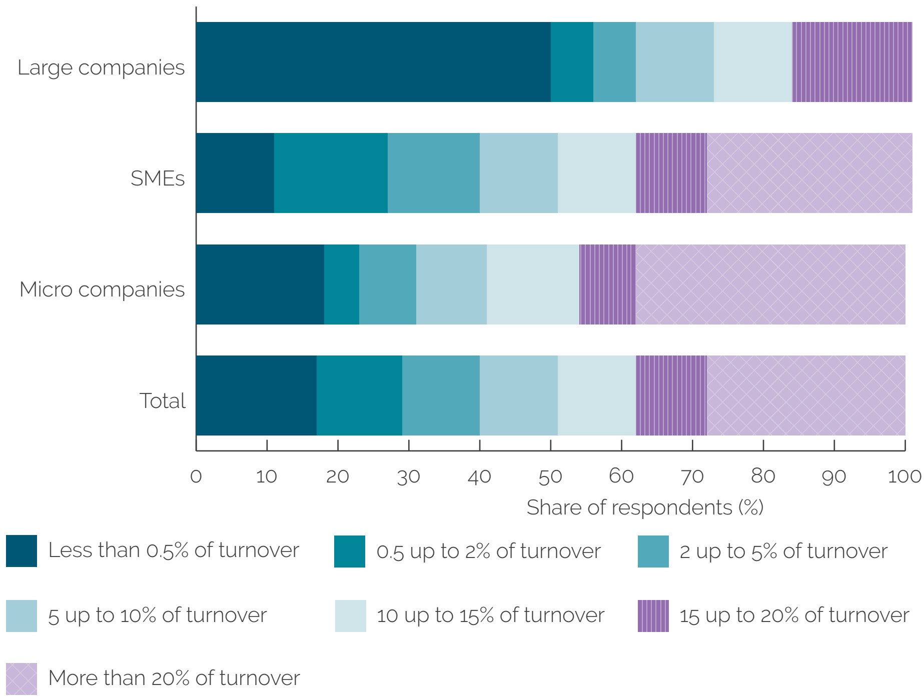
Sources: ILOSTAT database, International Labour Organization; World Bank Enterprise Surveys (2013 and 2019) based on the year the firm began operations.

Note: Panel b is derived from a sample of *n* = 392 (2013) and *n* = 1,001 (2019) firms, compared with the Middle East and North Africa average of 22.2 years (no year provided). Panel c uses World Bank Enterprise Surveys based on the year the firm began operations. Derived from a sample of *n* = 393 (2013) and *n* = 973 (2019) firms, compared with the Middle East and North Africa average of 21.6 percent (no year provided).

However, the Bank Group's efforts to support the achievement of economywide impacts through SOE reform were not successful. SOEs received 55 percent of public investments between 2008 and 2015 (IFC 2019), but about 40 percent of SOEs operate at a loss. As a result, public subsidies to SOEs were about 2 percent of GDP, and earmarked revenues (in the form of tax advantages) to SOEs were 0.4 percent of GDP. The World Bank's Hakama DPO series was the World Bank's main operational engagement on SOE reform. The series included prior actions to increase the government's financial oversight of SOEs, adopt the Code for Corporate Governance, bring SOE governance structures in line with international standards, and increase SOE transparency. The DPF also supported SOEs to publish the names of their boards of directors and provide up-to-date financial statements, although this information was often incomplete or not comprehensive (World Bank 2020a). Meanwhile, IFC developed a director-certification program for SOE boards and trained SOEs on corporate governance, ultimately leading to revisions of the Code for Corporate Governance. However, more effort is needed to significantly reduce the tax burden of public enterprises, thus overcoming distortions related to the overrepresentation of public enterprises in the Moroccan economy.

IFC's efforts to reduce payment delays from large firms and SOEs to MSMEs showed limited progress. Between December 2013 and January 2017, IFC and the CNEA implemented the Morocco Public Service Delivery and Transparency project to improve the transparency of public procurement and reduce public payment delays. The project motivated the government to issue an official decree in 2016 that caps public payment delays at 60 days and penalizes public entities if they exceed the cap. The project also developed indicators to monitor payment delays and piloted the use of these indicators in seven municipalities. However, the low capacity of municipal-level clients hindered their ability to continue using the indicators after the project closed. As a result, at project completion, only one of the seven municipalities fully adopted the indicators and used them to improve payment practices. In 2020, IFC launched a project with the CRI to improve local capacity and reduce public payment delays at the subnational level, specifically for firms operating in the Marrakech-Safi region. In 2021, IFC initiated a supply chain finance pilot program with the country's largest bank to help SMEs stay afloat during long payment delays. It is too early to know the effects of IFC's latest efforts, but a recent survey of 385 companies shows that payment delays remain widespread, with nearly half of respondents saying that they experienced delays longer than three months (Ametan and Fruchter 2022). Figure 3.5 shows that these delays disproportionately affect smaller companies.

Figure 3.5. Unpaid Invoices as a Percentage of a Company's Turnover



Source: Ametan and Fruchter 2022.

Note: Based on a survey of 385 companies located in Morocco that was carried out in 2021 by Coface Business Research Unit. SME = small and medium enterprise.

The Bank Group has had limited success promoting PPPs, and most of IFC's planned PPP investments and advisory projects did not materialize. The Bank Group's three country strategies during the evaluation period all advocated using PPPs to invigorate the country's private sector and enhance the competitiveness of public services. However, the country's regulatory and institutional framework for PPPs remains inadequate. The central PPP unit, which the government created in 2011 with support from a World Bank DPF operation, is still not fully operational and has limited capacity to create PPPs or monitor and evaluate PPP performance. The 2015 PPP law, supported by the second DPF operation of the Hakama series, had a limited scope. The law mandated assessments of PPPs' financial viability and the publication of PPP contracts, but it included many built-in exceptions. During the evaluation period, none of IFC's PPP advisory projects materialized, with seven concrete attempts not progressing beyond the Concept Note stage. IFC also withdrew from a desalination and irrigation PPP in the Chtouka region—one of the largest agriculture areas in the country—after a detailed feasibility study showed that the project's location in a natural reserve would lead to biodiversity and displacement issues and that the project would require unsustainable government subsidies and ongoing operational expenditures.

While the Bank Group has supported pioneering solutions on renewable energy, it had little impact on improving market and regulatory conditions to enable the competitive distribution of electricity from smaller-scale renewable energy sources. The Bank Group and other key partners (such as KfW Development Bank, the European Investment Bank, and the African Development Bank) have helped Morocco make significant investments in developing Morocco's renewables as further laid out in chapter 4. However, those efforts were state led, and so far, partners have not made much progress in helping the state shift its role from primary investor to catalyst of private investments. Despite efforts to liberalize the electricity sector since the mid-1990s, the sector is still vertically integrated by the state-owned operator—the National Office for Electricity and Drinking Water (l'Office National de l'Electricité et de l'Eau Potable)—and dominated by influential holdings with vested interests. Although the private sector is active in electricity generation, the National Office for Electricity and Drinking Water remains the single buyer of electricity from producers, and a wholesale market has yet to be developed. According to the Global Power Sector Reform Index, Morocco is ranked 55 out of 88 on four dimensions of reform (regulation, competition, private sector participation, and restructuring). When compared with its middle-income peers, such as Türkiye, Argentina, or Mexico, Morocco's performance in enhancing competition is rather weak. In this context, the Bank Group made little headway in improving competition and unlocking the renewable energy sector to small-scale actors. For example, the Inclusive Green Growth DPO series' prior actions included decrees that would open low- and medium-voltage distribution networks to individual, commercial, or industrial investors. However, it did not include decrees defining the amounts of green capacity to be added yearly at the regional level. These decrees have yet to be approved by the government.

Enhancing Access to Finance

The World Bank and IFC complemented one another's work to promote inclusiveness in Morocco's microfinance industry. During the 2008 financial crisis, one large Moroccan microfinance institution (MFI) failed, and several others teetered on the verge of failing, potentially affecting over 1.2 million MFI customers. In response, the World Bank supported major reforms to MFI governance and oversight. An Independent Evaluation Group review found that the reforms led to better risk management within MFIs. As a next step, IFC provided joint investment-advisory services to help the three largest MFIs (which cover 95 percent of the microfinance market) decrease their number of nonperforming loans (which had risen from 1 to 10 percent during the crisis). Next, IFC helped the three MFIs improve their risk management and corporate governance practices to better cope with economic downturns and develop new products for very small enterprises. IFC then built the financial management capacity of the three MFIs so they could transform from nongovernmental organizations to nonbank financial institutions (NBFIs), which would allow them to expand their product offerings and financing capacities for MSMEs. However, none of the MFIs were able to transform into NBFIs because, although the Microfinance Law was passed in 2012 and amended in 2021, the decrees enabling the enactment of the law and the central bank's licensing have not been approved. IFC noted that the delay was caused by resistance from the banking sector, which feared potential competition from NBFIs and more nonperforming loans from MFIs because of COVID-19. The World Bank's 2021 Financial and Digital Inclusion DPF seeks to overcome these barriers by amending the law and strengthening enforcement measures.

The Bank Group helped Morocco upgrade its oversight framework for capital markets and developed new solutions for SMEs. The World Bank used technical assistance (the FIRST [Financial Sector Reform and Strengthening Initiative] program), the Sustainable Access to Finance DPL ($200 million), and the First and Second Capital Market Development and SME Finance DPLs (totaling $750 million) to develop oversight guidance and create the Moroccan Capital Markets Authority. Building on these achievements, in 2019, IFC and the World Bank started the Joint Capital Market Advisory

Program to develop new markets for SMEs and mobilize long-term capital market financing. The Joint Capital Market Advisory Program enabled the Casablanca Stock Exchange to open and list an SME window for the first time, although this service remains underused. Together, these efforts have improved market liquidity, developed new asset classes, and improved the Casablanca Stock Exchange's performance (Oxford Business Group 2019). However, challenges remain: the market capitalization of listed domestic companies still declined from 74 percent of GDP in 2010 to 57 percent of GDP in 2020,[7] and the Casablanca Stock Exchange remains relatively illiquid because of the lack of domestic capital investments in listed companies. As a result, large firms continue to work with the traditional banking sector, where they have historically found ample liquidity, but this crowds out credits for SMEs.

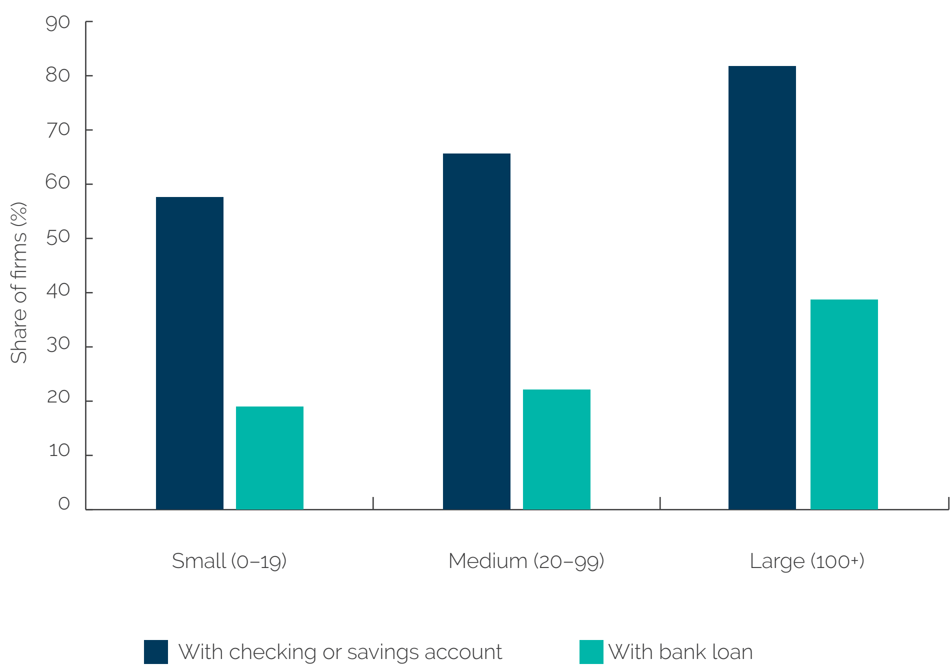
Throughout the evaluation period, the Bank Group kept a clear focus on improving financial inclusion for rural and low-income communities. The Sustainable Access to Finance DPL helped financial institutions reach lower-income individuals and communities. For example, the DPL's prior actions transformed the Moroccan Post, a savings provider for low-income households, into a full-fledged bank (Al Barid Bank [ABB]). With its new legal status, ABB began offering comprehensive financial services, including credit, mortgages, cash transfers, and mobile banking. The DPL prior actions also enlarged ABB's branch network, especially in rural communities. Between 2009 and 2021, the number of ABB branches nearly doubled, with two-thirds of ABB outlets in rural areas—a greater rural presence than any other bank in Morocco. The FY10–13 CPS Completion Report Review noted that the proportion of the Moroccan rural population with bank accounts increased from 50 percent in December 2010 to 58 percent in June 2013 (World Bank 2014c). More broadly, this banking expansion into rural communities helped the government deliver social protection services. For example, many rural households—including three-quarters of a million children—collect benefits from Morocco's conditional cash transfer program, Tayssir, through their local ABB branch. Moreover, during COVID-19 lockdowns in 2020, ABB customers received benefits from the government's World Bank–supported emergency cash transfer program, Tadamon. Additionally, in 2014, the World Bank carried out a Financial Inclusion and Capability Survey and, in 2017, produced a Financial Inclusion Technical Note, both of which served as inputs into

Morocco's National Financial Inclusion Strategy (BAM 2018).[8] The Technical Note, according to the International Monetary Fund, was "appropriately comprehensive, builds on international best practice, and is associated with clear objectives and specific action plans" (IMF 2019, 55). The 2020 Financial and Digital Inclusion DPF included prior actions to implement the National Financial Inclusion Strategy.

IFC leveraged its know-how and comparative advantage in financial infrastructure to deliver impactful operations in Morocco. IFC partnered with Morocco's central bank, BAM, to revise its supervision framework for credit reporting and, in 2009, launched its first-ever private credit bureau in the Middle East and North Africa and Africa regions. This project had a demonstration effect, with BAM training other central banks on credit reporting supervision. IFC encouraged the accreditation of a second private credit bureau, which was launched in 2018. This introduced competition, incentivizing the two bureaus to improve data and service quality and lower costs for banks and MFIs, ultimately making credit more affordable. Meanwhile, IFC's advisory services helped Morocco further improve its financial inclusion legislation by allowing credit bureaus to recognize nonfinancial resources as assets. This change enabled the large share of the population without a credit history to obtain a credit profile and access finance—by 2019, a third of female and a quarter of male borrowers were new to financing, according to credit reports. IFC then helped BAM launch the country's first movable electronic collateral registry in early 2020. According to the Ministry of Justice, about 41 financial institutions participated in the collateral registry, and, as of December 2021, the registry has already exceeded the targets it had set for 2024. As a result of these efforts, the share of Moroccan adults with credit reports increased from 20 percent in 2013 to 32 percent in 2019. The higher-quality credit reports and better information for lenders helped decrease nonperforming loans from 6.1 percent in 2010 to 3.5 percent in 2019. IFC's advisory services also helped Morocco's two largest banks develop new lending products for very small enterprises and a new supply chain financing product to help MSMEs access credit and withstand payment delays from SOEs and large firms.

Despite the above efforts, access to finance continues to be a major constraint to doing business in Morocco. In 2019, only 19 percent of small firms had received bank loans—62 percent still rely on their own capital to finance investments (figure 3.6)—and the share of Moroccans with a bank account remains low compared with other countries (figure 3.7). State-supported loan guarantees and cofinancing have helped narrow these gaps, but Morocco's big banks dominate the financial market and maintain relatively conservative lending practices. Moreover, 40 percent of large enterprises still rely on bank loans to meet their financing needs, possibly crowding out riskier small businesses from receiving loans. As discussed, MFIs have not yet transformed into NBFIs or expanded their lending and financial services. Additional Bank Group reforms to ease collateral requirements and strengthen bankruptcy laws, which reinforced the rights of both lenders and borrowers, came too late in the evaluation period to show much progress on accessing credit. That said, the World Bank's 2019 Enterprise Survey shows progress, with 4 percent of firms reporting access to finance as the biggest constraint in 2019, compared with 32 percent reporting the same in 2010. Box 3.1 recaps the Bank Group's contributions to private sector development.

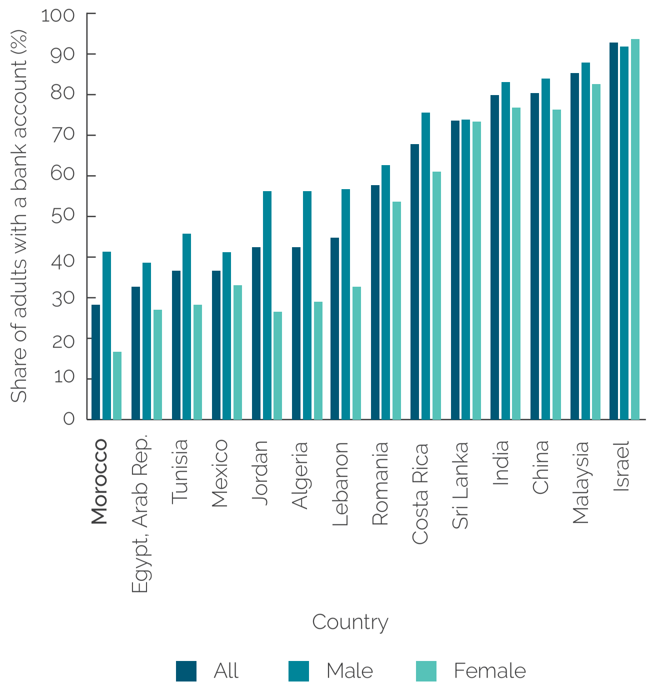
Figure 3.6. The Use of Financial Services by Enterprise Size, 2019



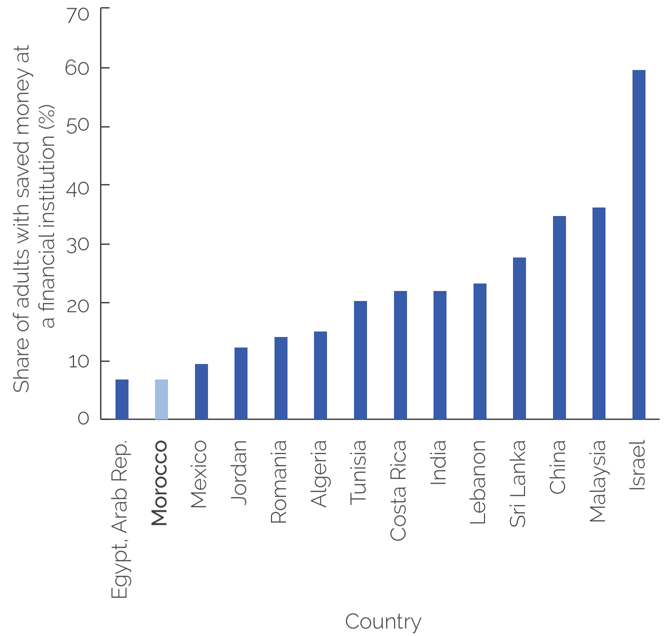
Source: World Bank Enterprise Survey for Morocco 2019.

Figure 3.7. Financial Inclusion in Morocco and Comparator Countries

a. Adults with an account at a bank or financial institution



b. Adults who have saved money at a financial institution



Source: Global Financial Inclusion (Global Findex) database 2017.

Note: For Morocco, Global Findex held face-to-face interviews in Moroccan Arabic, and an equal sample size was used for each region (disproportionate sampling), with data weighted to population distribution.

Box 3.1. Outcome: The World Bank Group's Contributions to Private Sector Development

- The World Bank Group strengthened state institutions in charge of promoting competition and competitive neutrality. The Bank Group was an unwavering advocate and supporter of the government's Competition Council, helping to empower the institution to investigate antitrust cases and make sanctioning decisions. The Bank Group also supported the leadership of the National Committee for Business Environment in easing business practices and strengthened public procurement mechanisms to make them more transparent and accessible to micro, small, and medium enterprises. The International Finance Corporation (IFC), for its part, contributed to rolling out an alternative dispute resolution mechanism to decrease the courts' backlog in cases and arbitrary rulings.

- The Bank Group, in partnership with the National Committee for Business Environment, balanced policy financing and advisory services to improve Morocco's business and regulatory environment. The Bank Group's support contributed to simplifying the process for creating a corporation, improving corporate governance, and making corporate finances more transparent. It introduced a framework that clarified more than 50 of the procedures required to create and maintain a business. With Bank Group advisory support, Morocco also lowered the minimum capital requirement to zero for a limited liability company and streamlined the process for registering a business or property, obtaining a construction permit, and establishing an electricity connection. The World Bank also helped Morocco develop information systems—such as the Common Business Identifier and PortNet—to improve enterprise data availability and boost the efficiency and transparency of public services, customs procedures, business registration, and tax administration procedures.

- The Bank Group contributed to improving access to finance for micro, small, and medium enterprises and low-income households. IFC supported lending institutions to make access to credit more open and less arbitrary. IFC built the central bank's capacity in credit supervision. It helped create two private credit bureaus, the first movable collateral registry, and alternative credit access mechanisms that accept credit applicants' nonfinancial assets as collateral. These changes expanded the pool of Moroccans with access to finance: by 2019,

(continued)

Box 3.1. Outcome: The World Bank Group's Contributions to Private Sector Development (cont.)

about a third of female borrowers and a quarter of male borrowers were new to financing. The Bank Group also helped expand banking services to underserved localities, lower-income groups, and microenterprises. With World Bank support, the Moroccan Post (now Al Barid Bank) transformed into a full-fledged bank with new branches that offer comprehensive financial services to underresourced households. Moreover, these Al Barid Bank branches and new digital services distributed Tayssir and Tadamon cash transfer payments during COVID-19. The Bank Group also helped stabilize microfinance institutions and diversified their services to reach more microenterprises and microborrowers. With IFC's support, Morocco's three main microfinance institutions reduced their number of nonperforming loans, expanded their branch networks to remote areas, and developed specific products for very small enterprises.

» However, Bank Group efforts to support the achievement of economywide impacts through state-owned enterprise reform were not successful. Core diagnostics, such as the 2017 Country Economic Memorandum and the 2019 Country Private Sector Diagnostic, highlighted the need to enhance government efforts to address anticompetitive practices to reduce economic distortions. However, as discussed in chapter 2, the World Bank was unable to directly inform the industrial policy. Moreover, as discussed in chapter 3, the Bank Group's efforts did not go far enough to alter state-owned enterprises' fiscal burdens, distortionary advantages, or overrepresentation in the Moroccan economy.

Source: Independent Evaluation Group.

[1] The New Development Model describes Morocco's economy as "partially locked" because of government regulations that reinforce oligopolistic positions and anticompetitive practices, making it difficult for new businesses to access markets; limited actions against oligopolies; and public incentives that privilege state-owned enterprises or large corporations engaging in foreign direct investments (CSMD 2021).

[2] Across countries for which data are available in the Product Market Regulation (Organisation for Economic Co-operation and Development–World Bank database).

[3] *Doing Business* indicators covered the assumed key elements of a prototypical small and medium enterprise business life cycle, from start-up through operation to exit. They included 12 areas of business regulations (10 of which fed an overall ease of doing business index measuring the ability to "do business" in 190 countries; World Bank 2022a).

[4] *Doing Business* indicators included starting a business, employing workers, enforcing contracts, getting credit, resolving insolvency, registering property, protecting minority investors, trading across borders, dealing with construction permits, getting electricity, paying taxes, and contracting with the government. In Morocco, employing workers and contracting with the government were not included.

[5] There was a three-year delay in naming the Competition Council Board of Directors after the 2014 legal reforms. According to the Economic Competitiveness Support Program Implementation Completion and Results Report (World Bank 2017), the Competition Council permanent staff carried out approximately 30 internal investigations during the interim period, but these investigations could not be made public nor could any formal decision be made until the new board was formally appointed.

[6] In 2019, the World Bank and the Competition Council organized a national seminar—The Revitalization of the Competitive Ecosystem in an Open Morocco. In 2020, they organized three workshops for the Competition Council officials.

[7] See World Development Indicators 2020.

[8] The National Financial Inclusion Strategy includes eight pillars: (i) initiating mobile payments; (ii) transforming microfinance; (iii) making insurance more inclusive; (iv) increasing the financial inclusion of micro, small, and medium enterprises and start-ups; (v) digitizing government-to-person payments; (vi) downscaling banks to accelerate the financial inclusion of target beneficiaries, including micro, small, and medium enterprises; (vii) enhancing financial education; and (viii) coordinating stakeholders to implement financial inclusion initiatives and monitor their progress.

4 | Enabling Policy Implementation

Highlights

During the evaluation period, Morocco adopted ambitious sector strategies and reforms but, according to the New Development Model, has struggled to implement them because of limited experimentation with new development practices, a limited government culture of learning and adapting, and a tendency for public agencies to operate in silos with development solutions that are divorced from the local context.

The World Bank Group helped Morocco overcome implementation bottlenecks by introducing good practices from other countries, facilitating South-South learning, and mitigating innovation risks.

The Program-for-Results has become the World Bank's instrument of choice in Morocco since its introduction in 2015 because it offers flexible results-based financing and incentivizes cross-sectoral policy implementation. However, its effectiveness depends on several conditions that are not always met, including its association with technical assistance and demanding disbursement-linked indicators.

More recently, the World Bank has begun to address the low levels of trust among state institutions and between Moroccan citizens and the state that have undermined policy implementation.

This chapter discusses the Bank Group's efforts to address Morocco's third systemic obstacle: the public sector's weak capacity to implement policies.[1] The latest Arab Barometer survey (2019) shows that one in four Moroccans consider the low quality of public services to be the most important challenge facing the country. Interviews with government counterparts echoed this diagnostic; as one official put it in an interview, "We are quite strong at designing reforms and strategies, but our Achilles' heel is implementation." The NDM describes the causes for the weak capacity as limited experimentation with new development practices, a limited culture of learning and adapting, and a tendency for public agencies to operate in silos with development solutions that are divorced from the local context (CSMD 2021). The Bank Group's strategies for improving the public sector's implementation and service delivery capacity have evolved during the evaluation period. The FY10–13 CPS emphasized improving basic service delivery and infrastructure across sectors, and the two subsequent strategies emphasized strengthening governance, institutions, and public sector management. Overall, this chapter finds that the Bank Group helped build Morocco's implementation capacity across outcome areas by (i) introducing best development practices from other countries, (ii) promoting learning and adapting that changed the government's operational culture, and (iii) building trust by facilitating coordination among government entities and between national and subnational actors.

Introducing Best Practices

Bank Group clients acknowledged the Bank Group's role in introducing novel approaches to reform implementation. High-level government officials interviewed for this evaluation emphasized the Bank Group's ability to bring good practices to Morocco and facilitate peer and South-South learning from other countries as two of its key strengths. As one government official put it in an interview, "the Bank Group is always ahead of the game, proposing reforms and innovations one or two years before our departments would express a need; overall this is a good thing even if it creates friction in our calendars." Another interviewee emphasized that "the Bank Group's capacity to bring the best global expert on a topic is unparalleled among development partners." They argued that successful innovations depend on the Bank

Group's ability to cocreate the innovation with Moroccan authorities and properly pilot it before scale-up.

The World Bank helped Morocco modernize its social protection system with novel implementation approaches. The World Bank was the government's main partner in framing, designing, and implementing a modern social protection system within 10 years. Starting with an overall social protection strategy in 2009, the World Bank provided the government with options for developing an integrated set of social protection policies to replace regressive subsidies. The strategy recommended establishing the Unified Social Registry as an essential step. The World Bank then helped the Ministry of Interior to create the National Population Registry, which would also work as the anchor to the Unified Social Registry through a unique identifier.[2] The project introduced biometrics for accurate and low-cost authentication and incorporated the Modular Open-Source Identity Platform for verification. The World Bank facilitated an effective South-South learning exchange with ID4Africa and India's Aadhaar, a global leader in biometrics, to introduce biometric identification technology with a unique identifier number generator and a proxy means-testing eligibility formula. Interviews with high-level government officials confirmed that these exchanges moved the reforms forward. Interviews with development partners engaged in social protection also recognized the World Bank's contributions to building this modern system. The National Population Registry is being piloted in Rabat and should be rolled out nationally in 2023, as should the Unified Social Registry. Moreover, the World Bank adapted to coordination challenges by working with an important champion in the Ministry of Interior, which had the clout and ability to coordinate actions across agencies, establishing an interministerial steering committee and creating the National Registry Agency to coordinate the two registries. In other examples of novel approaches, the World Bank introduced psychotechnical tests for teacher recruitment in the education sector and embedded digital solutions in 25 projects, about 20 percent of the Bank Group's portfolio, with a significant increase in digital solutions since 2019 (figure 4.1).

Figure 4.1. The Distribution of Digital Solutions across Applications

Digital inclusion classification	Project (no.)
Digital solutions for improved access to finance or services	10
E-government	8
Strengthening telecommunication and information systems	5
Digital solutions for improved access to information	2
Grand total	25

Source: Independent Evaluation Group.

Note: This exercise covered World Bank financing and International Finance Corporation investment and advisory services. World Bank advisory services and analytics are excluded. *N* = 25 projects.

The Bank Group used its convening power and financing options to mitigate Morocco's innovation risks for developing its solar energy sector. Morocco set ambitious targets to develop renewable electricity generation, and, in the early 2010s, concentrated solar power (CSP) technology was the most viable option to replace coal-fired power plants. However, developing this technology meant overcoming investment risks and the government's limited experience in implementing PPPs. Morocco turned to the Bank Group as the lead partner in this endeavor because of its credibility in the sector, convening power, and financing instruments, including available concessional funds, which decreased the technical and commercial risks associated with innovative projects.
The World Bank and IFC took the lead in advising the Moroccan Agency for Sustainable Energy on how to structure the Noor Ouarzazate Project and supported the agency in generating interest among other financiers (including KfW Development Bank, the European Investment Bank, and the African Development Bank) and among private investors to participate in the bidding process for the PPP. The World Bank and IFC took the provided technical

support to the Moroccan Agency for Sustainable Energy to develop the CSP technology. This support led to a successful $5.6 billion CSP program in Ouarzazate, which was the first of the Middle East and North Africa Region and reached a total CSP generation capacity of 510 megawatts, making it the largest CSP power plant in the world. The World Bank then adapted to new evidence and significant price drops in solar photovoltaic technology to support the next phase of investment, which consisted of building a hybrid CSP-photovoltaic plant. Through this process, the Bank Group facilitated a total solar generation capacity of 602 megawatts, which in 2020 corresponded to 5.6 percent of the country's total installed generation capacity. However, the Bank Group made little progress in improving market and regulatory conditions to enable the distribution of electricity from smaller-scale renewable energy sources. The Bank Group also mitigated Morocco's innovation risks for projects in disaster risk reduction, behavioral science, and credit agencies and collaterals.

The World Bank introduced PforR financing to Morocco, which became the country's instrument of choice. In 2012, the World Bank initiated the first PforR operation in Morocco, followed by a second operation in 2015. Since then, seven additional PforR operations have begun, effectively making the PforR the preferred instrument across almost all sectors. Initially, teams found program preparation and the selection of disbursement-linked indicators (DLIs) to be challenging, as was the case with the first health PforR. However, these processes became smoother as teams adjusted to the instrument. There are several reasons why this instrument has rapidly gained traction. First, the PforR was a promising alternative to IPF, which was the most popular instrument before the evaluation period but had faced severe implementation issues during the evaluation period, and to DPF, which the World Bank relied on during the first part of the evaluation period as the government focused on passing first-generation sector reforms. Second, the PforR appealed to Moroccan authorities who thought it would help them shift toward results-based budgeting and focus on implementation. In interviews, government officials appreciated that the preparation of PforR and the choice of DLIs allow line ministries and the Ministry of Economy and Finance to negotiate budget allocations based on a clear results chain to guide implementation. Third, government officials consider PforR well suited for cross-sectoral programs, which became more common in the second half of the evaluation period, because it requires all involved ministries to agree up front on the program's objectives and success measurements. As one government official put it, "PforR shakes up the status quo; ministry staff may resist it, but ultimately, it serves us and our results well."

PforR performance in Morocco depends on three conditions that are not always met. There is insufficient evidence to determine PforR effectiveness because only one of the nine PforR operations in Morocco had closed by the end of the evaluation period. Therefore, the evaluation examined the conditions that contribute to PforR success based on interviews, progress reports, and DLI classifications. Three main conditions emerged from the analysis. First, when DLIs are outcome oriented, they can drive progress. This evaluation's DLI analysis shows that World Bank teams in Morocco found it challenging to define DLIs that captured higher-level outcomes while simultaneously providing predictable disbursements. For example, the first PforR operations in Morocco—the INDH, Health, and Disaster Risk Reduction PforR—were achieved well ahead of schedule because their DLIs were not sufficiently ambitious. Several government counterparts noted that these DLIs were "superficial," "easy to game" or achieve, and an unhelpful proxy for measuring a program's added value. Conversely, easily achievable DLIs also made disbursement schedules easy to predict. Government officials said that they preferred ambitious DLIs if they were achievable and if government systems could measure them without onerous requirements to collect additional data. Second, if World Bank teams proactively involve the full range of stakeholders during the PforR operation's preparation and facilitate productive dialogues to define ambitious but achievable DLIs, they can increase the potential impact of the operation. Third, when the World Bank provides technical assistance to the line ministries in charge of achieving and reporting on DLIs, implementation improves. However, there is currently a limited number of mechanisms to finance supplementary technical assistance in Morocco. To date, there has been only one experience of pairing PforR with reimbursable advisory services to support the ECD PforR. So far, the government has been reluctant to borrow for technical assistance, and the World Bank's budget is insufficient to finance technical assistance needs. As a result, the World Bank must acquire trust funds or outside donor resources to provide technical assistance in Morocco. In interviews, both government counterparts and World Bank staff said that technical assistance helped mobilize line ministries, achieve ministry buy-in, incentivize reporting, and promote change management. This evaluation's comparative review of PforR corroborates the interview findings: PforR operations with supplementary technical assistance performed better than PforR operations without it (appendix B).

Learning and Adapting

Weak adaptive management capacity can undermine the advantages of Morocco's long-term policy continuity. Morocco has a high degree of regime stability and policy continuity compared with other countries in the region. This stability allows the World Bank to use long-term investments through "repeat projects," or series of interventions, that span more than a decade and provide an opportunity to reach higher-level outcomes. For such series to remain relevant and overcome failures, the World Bank and its government counterparts must adaptively manage them. However, the NDM highlights shortcomings in the government's capacity for this adaptive management. These shortcomings include the government's "culture of compliance," rather than "of leadership and performance management"; its limited experimentation with new approaches before expanding them; and its lack of effective monitoring, evaluation, and learning practices (CSMD 2021, 39).

The World Bank helped Morocco decentralize its education system and reform its teacher training after learning from previous attempts. The government's education decentralization started in 2000 with the creation of the Regional Education and Training Academies (Académies Régionales de l'Education et la Formation professionnelle; AREFs). However, by 2010, central authorities still controlled most financial and human resources for education. In response, the World Bank's DPF series to support Morocco's Education Emergency Plan (2011–13) used prior actions to devolve 50 percent of the Education Ministry's human resources, including teachers, to AREF and called for AREF to share "program contracts" with the ministry to justify spending. The series also used prior actions to initiate an arduous reform of teacher recruitment, training, and professional development. However, the World Bank did not sufficiently anticipate the central government's low capacity for steering reforms or AREF's low capacity for managing new responsibilities. As a result, the lack of complementary technical assistance was a major weakness of the DPF. In addition, the Implementation Completion and Results Report found that program contracts were not legally binding, lacked performance rewards or sanctions, and were not adequately monitored or evaluated (World Bank 2013). In 2017, the World Bank adapted by providing complementary support to the education PforR, which included financial analyses to identify implementation bottlenecks, the mobilization of international expertise to build capacity and trust across levels of government, and more rigorous performance contracts that spelled out expected results and included an M&E mechanism. Contracting between the various administrative levels was institutionalized by law in 2021. Teacher training and recruitment have also been overhauled with the addition of a requirement to obtain a bachelor's degree as a condition of employment to teach in primary education (MENFPESRS 2021).

The World Bank effectively implemented complex irrigation reforms by actively engaging in learning and adapting processes. In the Modernization of Irrigated Agriculture series, the World Bank used learning and adapting processes to expand the series' focus from infrastructure in 2012, to water management and modern irrigation technologies in 2014, and to climate adaptation techniques in 2021. The series' design required behavior change techniques to transfer knowledge and raise farmers' awareness of the merits of drip technology. The World Bank adapted the series from one project to the next, collecting and considering new information on climate change, precipitation levels, and the risk that mass adoption of drip irrigation would significantly increase total water consumption. The series' M&E practices also evolved to measure crop diversification, water resource management, water service delivery, and the dynamic effects of climate change. The M&E showed that projects led to a negative water balance; thus, the World Bank began policy dialogues with the government to implement a quota system for water use, introduced net-metering practices, and optimized farmers' use of ground and surface water through tradable water allocation programs.

Conversely, results for a series on rural water and sanitation suffered when the World Bank did not sufficiently engage in learning and adapting. At the beginning of the intervention series, the World Bank did not sufficiently discuss with the government which technology the series should use to move toward universal access to safe water in rural areas. The initial choice of shared connections, instead of individual household connections, contrasted with the option preferred by donors and consumers. It was not until the series' fourth project, after its flagship infrastructure diagnostic, that the World Bank finally adapted and switched to individual connections. In addition, the World Bank did not adapt to the past mismanagement of social and environmental safeguards when designing follow-on projects in the series, thereby repeating past mistakes and leading to unsatisfactory project ratings. Throughout the series, implementation bottlenecks and capacity constraints hindered compliance with national regulations and World Bank safeguards in land acquisition and compensation. This lack of compliance led to implementation delays and unfinished activities. These capacity issues surfaced early in the series, and the first project was rated unsatisfactory as a result. Similar issues surfaced in the second operation, with the World Bank providing inadequate safeguard supervision. This was caused by high turnover among the World Bank's social development specialists, which led to problems with land acquisition, resettlement, and compensation and contributed to another unsatisfactory rating. The third project in the series continued this trend of mismanaging safeguards and was nearly canceled because of noncompliance with the World Bank's involuntary resettlement safeguard policy, as 3,000 resettled people were not compensated. This threat of cancellation led the World Bank and the government to jointly address safeguard issues and systematize the resolution of the compensation process, leading to a project turnaround and improved implementation after more than 10 years of unsatisfactory ratings. Box 4.1 summarizes the Bank Group's contributions to climate change resilience.

Building Buy-in and Coordination

Issues linked to low level of buy-in and uptake of development solutions undermined policy implementation. A systematic review of Implementation Completion and Results Reports for projects that failed to achieve their objectives revealed that a common feature of these projects was the Bank Group's inability to anticipate and overcome issues of low uptake or distrust by development actors involved in reform implementation. There are four illustrative examples:

» PMV: The World Bank's support for Morocco's PMV included making the government's financial support for agribusiness value chains conditional on contractual arrangements among smallholders, private investors, and the government. The program failed to gain buy-in from smallholders. A 2019 review of contract farming in the Moroccan cereal sector found that only 8 out of 120 agricultural aggregation projects received certificates of aggregation. The PMV established special courts to resolve contract-related disputes between smallholders and investors, but this did not resolve the issue in part because of limited uptake of judicial services.

» Waste management: The World Bank's mobilization of carbon funds in solid waste management failed because landfill operators did not trust that the program would be financially viable or that municipalities would be in a position to transfer carbon fund benefits to operators given municipal arrears for landfill service (World Bank 2022b).

» PPPs: IFC's seven PPPs in health, education, and road improvement never materialized in part because private sector partners were reluctant to enter sectors that had been historically dominated by the state or SOEs. According to interviews, private firms anticipated high barriers to entry and resistance from SOEs.

» Electronic petitions: Morocco's World Bank–supported e-petition system, which enables citizens and civil society organizations to electronically petition the government or parliament, remains underused. Even after the Petition Parliamentary Committee followed the World Bank's and the Westminster Foundation for Democracy's advice to lower the threshold for taking up a petition, the number of e-petitions submitted has remained low.

During the decade covered by this evaluation, the Bank Group helped authorities improve coordination among government agencies in multisectoral reforms to overcome silos. The NDM report shows that implementation challenges in Morocco, particularly for reforms that involve multiple sectors and implementing agencies, are exacerbated by ministries operating in silos. During the evaluation period, the Bank Group tested different mechanisms to help authorities improve coordination among ministries and between central and subnational authorities. Three examples illustrate these approaches. First, the World Bank's Modernization of Irrigated Agriculture series provided technical assistance to the Regional Agricultural Development Offices to improve their coordination with the central government ministries responsible for water management issues. This coordination led to a common water management plan. Second, starting in 2016, the World Bank addressed the lack of coordination within INDH's ECD component, which a 2011 government evaluation said was one of the program's main impediments (CESE 2013). The World Bank was successful in bringing together five ministries, multiple civil society organizations, and private businesses to develop a common results framework for the INDH's ECD phase. Third, the Bank Group piloted two subnational operations in Casablanca and Marrakech to strengthen coordination between the national CNEA and the subnational CRIs. Previous DPLs noted that further progress on the Bank Group's competitiveness agenda demanded better coordination between national and regional entities. As a result, the Bank Group facilitated lengthy negotiations to determine the roles of central and regional authorities and establish a coordination mechanism.

The World Bank invested in a Political Economy Facility (PEF) to understand the trust and political economy issues related to reform measures. The fifth wave of the Arab Barometer, conducted in 2019, revealed that Moroccans are less likely to trust the government than in previous waves, with just 3 in 10 Moroccans having high trust in the government compared with 4 in 10 for the previous waves (Arab Barometer 2019). The Maghreb Country Management Unit realized that trust and other political economy issues hindered implementation, so it created the PEF in 2017 to better understand political economy issues and provide day-to-day support to select operations. The PEF provided funds for World Bank governance and political economy experts to produce just-in-time analytics and recommendations to help task team leaders and the country team prepare operations. For example, in 2021, a PEF survey showed a strong association between people's perceptions of service delivery and their trust in public institutions—people who believe that public announcements on service delivery are always or often implemented are 19 percent more likely to trust government institutions. The survey also showed that a citizen's trust in institutions has an impact on that citizen's behavior. For example, a citizen who trusts institutions is more likely to pay taxes, comply with COVID-19 rules, and start a business. The PEF helped task team leaders develop context-appropriate solutions for operations. For example, the PEF applied specific political economy filters to unpack challenges to financing the e-procurement reforms. The PEF found that the main barriers to electronic bidding rested in private businesses' distrust in electronic procedures. As a result, the team amended the operation's design to advertise the system's reliable performance. The World Bank also used the PEF when preparing the education PforR. Specifically, the PEF helped team members understand the World Bank's weak performance in the education sector. It identified performance-limiting issues, such as the World Bank's strained relationship with the counterpart ministry, high staff turnover within the ministry, and other challenges. As a result, team members put several solutions in place, such as using collaborative leadership, change management, and strategic communication.

Box 4.1. Outcome: The World Bank Group's Contributions to Climate Change Resilience

- The World Bank Group supported Morocco in its shift to a low-carbon economy through solar power development. The Bank Group's policy financing and technical assistance helped eliminate energy subsidies in Morocco, except butane subsidies whose removal—without compensation—would have affected particularly poor households. The Bank Group used its convening power to catalyze the first concentrated solar power project of the Middle East and North Africa Region in Ouarzazate, a $5.6 billion investment program, which was connected to the country's energy grid in 2016. The Bank Group's involvement decreased the project's commercial and technical risks and generated interest from private investors. The Bank Group also strengthened the technical capacities of the government and its implementing agencies—the National Office for Electricity and Drinking Water and the Moroccan Agency for Sustainable Energy. However, the Bank Group has made little progress in changing the regulatory and market conditions to enable smaller-scale renewable energy distribution, which could enhance the uptake of renewable energy for electricity. Partly as a result, Morocco remains dependent on imported coal and gas.

- The World Bank helped transform Morocco's approach to managing disaster risk. The World Bank's analytical work informed the government's decision to shift from ex post responses to disasters to ex ante prevention of disasters. The World Bank's 2016 Program-for-Results and 2019 development policy financing with a catastro-

(continued)

Box 4.1. Outcome: The World Bank Group's Contributions to Climate Change Resilience (cont.)

phe deferred drawdown option helped Morocco operationalize this new integrated approach to disaster risk management. The World Bank cofinanced and provided technical assistance to the National Resilience Fund to help it shift to risk reduction. In January 2020, the World Bank also helped set up a dual system for protecting Moroccan households and businesses from disasters by guaranteeing coverage for the insured and providing basic compensation for the uninsured.

» The World Bank helped Morocco manage its water scarcity with modern irrigation projects. Morocco's aridity, growing water demand, climate change exposure, and inadequate solid waste management have contributed to a sharp decline in water availability. The World Bank's support for modernizing irrigation has increased water productivity, but its impact on surface water was mixed. In the absence of a quota system and individual water meters, the collective conversion of farmers to drip irrigation led to a significant increase in total water consumption. The World Bank's latest operation is addressing this situation by using geographic information system analytics to help the government adopt tradable water allocation (quota) programs.

» The World Bank's support to improve sanitation and water quality in rural areas has largely failed. The World Bank's operational series on rural sanitation sought to improve wastewater treatment and prevent the raw discharge of sewage into the Oum Er Rbia basin. The World Bank series failed to improve rural sanitation because of the mismanagement of social and environmental safeguards but helped improve wastewater treatment in small and medium-size towns. The project was turned around in the last two years when the World Bank and the government jointly improved safeguard management and systematized compensation.

» The World Bank's development policy loan series on solid waste management helped Morocco reduce emissions and improve water quality. These four development policy loans supported the national program for solid waste management. Their contributions to clean water systems, waste collection (from 44 to 96 percent of waste collected), and sanitary waste disposal (from 32 to 53 percent of waste disposed) helped reduce greenhouse gas emissions by up to 1 million tons of carbon dioxide equivalent per year. However, the series was not sufficiently focused on creating a circular economy and lacked investments in waste reduction, recycling, and recovery.

Source: Independent Evaluation Group.

[1] The chapter uses a cross-case comparison of 16 reforms to determine to what extent the World Bank Group built Morocco's implementation capacity. These include reforms in the justice, energy, financial, education, irrigation, agribusiness, disaster risk management, solid waste management, public administration, business and competitiveness, and accountability and transparency sectors (see box 1.1).

[2] The National Population Registry can be used for all existing registries and programs to ensure identification unicity and veracity and facilitate transaction transparency. In turn, the Unified Social Registry plays the role of a unique entry point for social assistance, allowing programs to estimate per capita household consumption.

5 | Enhancing Citizen Participation

Highlights

The World Bank has struggled to translate its thorough diagnostics of the barriers to citizens' civic and economic participation into effective operations.

Responding to the 2011 events, the World Bank made helping the state promote civic and economic participation a pillar of its country strategies in Morocco and has produced high-quality diagnostics on barriers that prevent Moroccans from fully engaging in civic and economic life.

The World Bank's operational use of its quality diagnostic work on low youth and female participation in the labor force has been fragmented.

The World Bank has had mixed success in improving the public's access to data and institutionalizing citizen engagement mechanisms.

The World Bank's insensitivity to political changes caused its efforts to improve citizen participation in the justice sector to fail.

The World Bank Group has recently started promising experiments with instruments to address financing and capacity issues at the subnational level.

The World Bank investment projects have started recently to ensure compliance with citizen engagement corporate guidelines on mainstreaming citizen engagement during the implementation of investment project financings.

This chapter assesses the Bank Group's contributions to enhancing citizen participation in Morocco's civic and economic life. The NDM identifies several barriers that limit citizen participation (which constitutes the fourth systemic obstacle to Morocco's development). These barriers include few labor opportunities for youth and women; ineffective citizen engagement mechanisms, particularly in the justice sector; and the limited control of subnational territories over their own development (CSMD 2021). The chapter evaluates the Bank Group's attempts at removing these barriers. The FY10–13 CPS was silent on citizen participation issues, but these issues were prominent in the country strategies that followed the 2011 Arab Spring and the World Bank's 2015 Middle East and North Africa Regional strategy (Devarajan and Mottaghi 2015). The FY14–17 CPS made gender equality, youth inclusion, and citizen voice cross-cutting priorities. In turn, the FY19–24 CPF made job creation and youth employability its first focus area, retained women's and girls' empowerment as a cross-cutting theme, and made citizen-state engagement a "foundational" pillar. Overall, this chapter finds that the World Bank provided useful diagnostics, innovative digital solutions, and promising experiments in financing local development but struggled with enhancing women and youth participation in the labor force, promoting citizen participation in civic and economic life, and increasing subnational participation in the country's development.

Enhancing Labor Force Participation

Bank Group country strategies made youth and gender issues a priority, but operational efforts to increase youth and female labor force participation have been timid and fragmented. The right to work is enshrined in Morocco's constitution, yet Morocco's use of its human capital is low and declining, especially for women and young people. In 2019, youth employment stood at 42 percent (HCP 2020), with more than 1.7 million youth ages 15–24 years (27 percent) classified as not in education, employment, or training. Women have higher rates of unemployment compared with men: 13.5 percent for women and 7.8 percent for men. In fact, in 2018, Morocco's female labor force participation rate was just 21 percent, ranking Morocco 180 out of 189 countries.[1] All three Bank Group country strategies—in 2010, 2014, and 2019—acknowledged the depth and urgency of youth and gender challenges by treating youth and gender as cross-cutting themes. Moreover, each strategy became progressively more ambitious on these issues, but the envisioned activities did not always materialize in the portfolio. The first strategy mentioned the need for analytical work on gender but did not have a concrete plan; the second strategy planned for comprehensive analytical work, including a gender assessment and gender-disaggregated data, and acknowledged a need for gender-specific lending but did not plan any operations; the third strategy planned for specific measures in existing lending operations but limited its focus to women's financial inclusion. Despite this increasing ambition, the Bank Group's response to low youth and female labor participation remained piecemeal, with mostly small activities scattered across the portfolio and no lending activities dedicated to gender labor issues.[2] Contrary to other strategic areas, which combined analytics and policy dialogues to gain government traction, youth and gender labor issues had no coherent theory of change, nor did the Bank Group devise a programmatic approach underpinned by policy dialogues with Moroccan authorities.

The World Bank carried out comprehensive diagnostics on youth employability but struggled to act on them in policy financing. Throughout the decade covered by this evaluation, the Bank Group produced six high-quality diagnostic reports on labor force participation challenges, specifically those faced by Moroccan youth. Each report incorporated new data, evaluative evidence, and knowledge from other countries and arrived at coherent and consistent recommendations (table 5.1). However, unlike the Bank's achievements in facilitating policy changes in human capital formation and protection (see box 5.1), it failed to trigger policy action on the issue of human capital use. Interview with task team leaders confirmed that most of these reports, except *Morocco's Job Landscape: Identifying Constraints to an Inclusive Labor Market* (Lopez-Acevedo et al. 2021a), were not widely disseminated and did not inform policy decisions. For example, the World Bank's 2008 job diagnostic report (known as the MILES report and 2012 youth inclusion study demonstrated that the most significant challenges were faced by low-skilled youth in lagging regions and that their needs were not being served by the government's active labor market programs (World Bank 2008, 2012b). These active labor market programs targeted university graduates—who constitute only 5 percent of unemployed youth (Dadush 2018)—and predominantly benefited youth in the Casablanca-Tangier region. In dialogues for the 2012 and 2015 DPF series, Bank Group staff tried to broaden the DPF with measures to remove labor force participation barriers for unskilled youth. However, the DPF series ended up focusing on measures to curb unemployment among university graduates, which was the most salient issue for the government after the 2011 uprising. The only part of the DPF that focused on unskilled youth was a mandate to implement specific active labor market programs for hard-to-place unemployed workers and a trigger to expand services from the main employment agency, L'Agence Nationale de Promotion de l'Emploi et des Compétences, to nongraduates. As a result, some services were opened to low-skilled job seekers, but limited implementation capacity of L'Agence Nationale de Promotion de l'Emploi et des Compétences meant that these services often did not reach or meet the needs of youth, women, and job seekers with no formal education.

Table 5.1. Recommendations on Labor Force Participation from World Bank Diagnostics

Recommendations	World Bank Diagnostics
Improve skill match and quality of diplomas/specialization supplied by the higher education and vocational training system, especially for women, in emerging sectors of the economy (for example, the digital sector) and in sectors that could allow women to work from home.	Lopez-Acevedo et al. 2021a; World Bank 2008
Improve cost-effectiveness of active labor market programs by combining technical training, life skills training, internships, and accreditation and by strengthening accountability of service providers.	World Bank 2008, 2012b, 2014d
Improve targeting and coverage to focus on disadvantaged youth and address the not in education, employment, or training problem. Ensure that L'Agence Nationale de Promotion de l'Emploi et des Compétences provides support to unskilled youth (nongraduates), especially in underserved regions, in a cost-effective manner.	Lopez-Acevedo et al. 2021a; World Bank 2008, 2012b, 2014d

(continued)

Recommendations	World Bank Diagnostics
Improve effectiveness of entrepreneurship programs. Ensure that youth entrepreneurship programs are well targeted to focus on less-educated youth and offer comprehensive support, including skills training, access to capital, and long-term mentoring.	World Bank 2012b
Improve cross-sectoral coordination of programs that target the same beneficiaries but are delivered by different ministries and strengthen the role of municipalities in local coordination of youth inclusion.	World Bank 2008, 2012b, 2014d
Increase labor market mobility and control labor costs through a reformed social security system. Improve bridges and certifications that would allow workers to go from one sector to another.	Lopez-Acevedo et al. 2021a; World Bank 2008, 2014d
Break down legal, economic, and social barriers to women's employment and labor force participation. Address the limited implementation of existing legislation as a result of weak institutional capacity and selective enforcement by public officials influenced by social norms. Remove remaining barriers in women's access to finance, ownership of family assets, and entrepreneurship. Design interventions to change attitudes toward women's work. Improve provision of childcare services, especially in urban areas.	Chauffour 2018; Lopez-Acevedo et al. 2021a; World Bank 2015b
Encouraging formalization. Find policy measures that increase the benefits and lower the costs of informality. Improve the skills of workers in the informal sector and the productivity of microenterprises.	Lopez-Acevedo et al. 2021a; World Bank 2008

Sources: Chauffour 2018; Lopez-Acevedo et al. 2021a; World Bank 2008, 2012b, 2014d, 2015b.

Note: The MILES framework investigates five sectors for binding constraints in job creation (World Bank 2008). Each letter of MILES stands for one of these sectors—Macroeconomic conditions, Investment climate and infrastructure, Labor market regulations and institutions, Education and skills development, and Social protection.

Until recently, the World Bank's attempts at improving youth employment were small in scale and overly focused on self-entrepreneurship. The World Bank's diagnostics and evaluations identified limitations to the government's self-entrepreneurship approach to reducing youth unemployment. World Bank evaluations found the programs to be effective at helping self-entrepreneurs start a business, but noted that they struggled to reach beneficiaries, and reducing the program's high dropout rate because of youth entrepreneurs' limited access to finance. Despite these identified shortcomings, the World Bank still focused its operations primarily on youth self-entrepreneurship. All of these operations were small trust fund–financed grants; the largest was a $5 million microentrepreneurship operation for disadvantaged youth. These operations were innovative because they tried to connect youth with unexplored employment markets. However, the programs were limited in scale and focused on noncore employment channels, such as crafts, self-employment, and employment abroad. It was not until 2019 that the World Bank rolled out a large IPF ($55 million) that built off the recommendations from its diagnostic work.

The World Bank's operational response to falling female labor force participation has been marginal. The World Bank studied the causes of Morocco's low and declining rate of female labor force participation in the study of gender equality (World Bank 2015b), the CEM (Chauffour 2018), and the programmatic job landscape (Lopez-Acevedo et al. 2021a). However, some of these causes would take many years and extensive efforts to overcome, such as low growth in sectors that employ women or low cultural demand for urban female workers with university degrees. That said, the World Bank identified several legal and policy constraints that, if lifted, could produce immediate improvements in the rate of Morocco's female labor force participation. These policy reforms include changing tax incentives, enhancing access to finance, developing affordable childcare services, enabling part-time formal employment, and ensuring that certain laws related to divorce, equity in hiring, and others are enforced. So far, the World Bank has not gained traction with the government to translate its recommendations into operational support for these reform areas other than a requirement that financial inclusion operations benefit women. Only two gender-specific operations have been prepared to date. IFC has delivered an advisory service for employers, which includes three sets of activities: (i) creating a nationwide peer-learning platform, with the Confédération Générale des Entreprises du Maroc, to increase the skills and awareness of participating firms; (ii) launching a social media campaign to encourage company leaders to make gender equality commitments; and (iii) helping two clients obtain Excellence in Design for Greater Efficiencies certification. For its part, the World Bank included in its Second Financial and Digital Inclusion budget support program prior action to set mandatory quotas for women on the boards of publicly traded companies, with a target of (at least) 30 percent female representation by 2024 and 40 percent by 2027. In interviews, several development partners said that they were disappointed in the Bank Group's weak engagement on labor participation issues for youth and women, and gender equality more broadly.

Enhancing Civic Participation

The World Bank's efforts to promote open data and digital solutions to improve the state-citizen interface are starting to yield results. As highlighted by the NDM and reports from the CESE (2019), the state and its citizens have an asymmetrical relationship. Citizens face red tape, high transaction costs, and sometimes corrupt practices when accessing basic administrative services. The national e-government strategy—launched in 2009 and supported by the World Bank's DPL series on public administration—seeks to remedy some of these issues by using digital solutions to improve the efficiency, transparency, and accountability of service providers. Over the past decade, the World Bank has worked with the Higher Planning Commission (Haut Commissariat au Plan, the national statistical organization), the National Observatory for Human Development (Observatoire National du Développement Humain), and several line ministries to promote better access to data. Through technical assistance, the World Bank has produced data, notably on poverty and business, and enhanced data sharing across ministries (for example, by promoting the interoperability of registries and management of information systems). As a result, Morocco is doing well on data production and services, scoring 88.4 out of 100 on the World Bank's 2019 Statistical Performance Indicators (which is higher than the averages in Middle East and North Africa and lower-middle-income countries). However, the World Bank still faces institutional resistance to improving public access to national census and survey data on households, agriculture, and the labor force. Morocco scored 0 out of 1 for administrative data openness on the Statistical Performance Indicators (World Bank 2019c). As several key informants put it, "data [are] power" in Morocco, and there are many institutional barriers to sharing those data.

The World Bank was successful at institutionalizing citizen feedback mechanisms when it supported both sides of the citizen-state interface. More specifically, these mechanisms were successful when they raised citizen awareness and built citizen trust in the mechanisms and when they built the capacity of the state's service providers to properly address grievances. Successful interventions were also deliberately piloted and expanded. For example, the World Bank's PforR with the Ministry of Health successfully established a grievance redress mechanism (GRM). To accomplish this, the World Bank first diagnosed challenges with the existing GRM, then pilot-tested an implementation manual that accounted for those challenges, raised citizen awareness of a regional hotline number for sharing grievances, and built the capacity of subnational providers to handle the grievances. The GRM was so successful that the World Bank provided additional financing to handle grievances related to the COVID-19 pandemic. The GRM's functionality is now trusted by citizens and has led to improvements in health service delivery. However, citizen feedback mechanisms were less successful when citizen awareness and capacity building were lacking. This was the case for the e-petition system, supported by the World Bank's Hakama DPL series and other operations, which allowed citizens and civil society organizations to contest parliamentary and government decisions. The e-petition system did not support both sides of the citizen-state interface and instead focused on building the system's technical functionality. As a result, citizens' awareness and trust in the mechanism remain weak, and the system is underused.

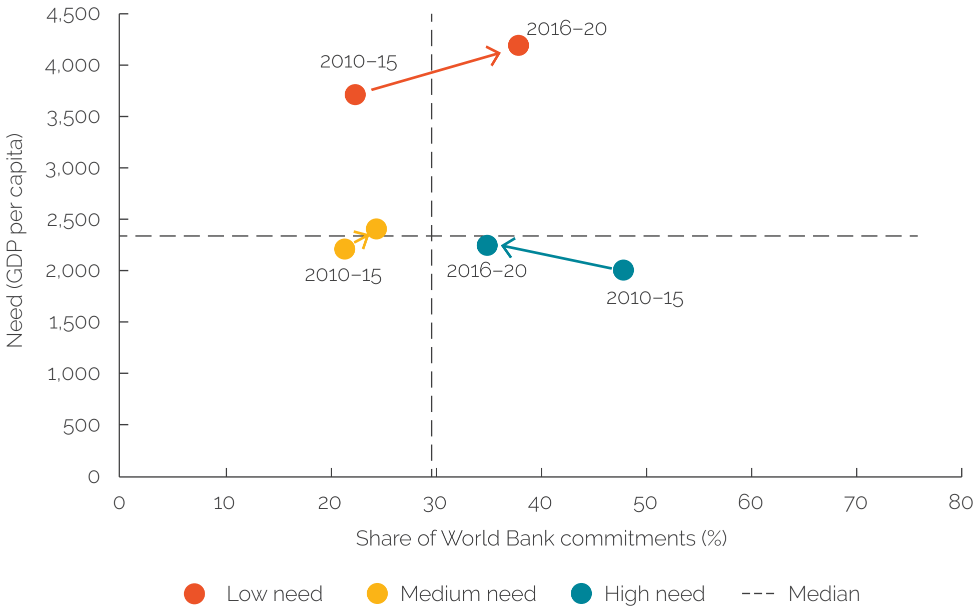
The World Bank's attempts to improve citizen participation in the justice sector failed because the World Bank did not sufficiently adjust its approach to the country's political changes. Starting in 2009, the World Bank carried out diagnostic work and technical assistance in the justice sector and, in 2011, produced a Justice Public Expenditure Review. To follow up on the review's recommendations, in 2010, the World Bank was asked to finance a $16 million IPF operation to strengthen Morocco's capacity to deliver justice services to citizens and businesses. The project sought to pilot a participatory reform process—involving judges, judicial staff, and justice users—in select courts and strengthen the capacity of the Ministry of Justice to support and monitor the courts. The project was under preparation when the 2011 protests swept across Morocco. The protests led to constitutional reforms, parliamentary elections, and subsequently a new ruling coalition. The new Minister of Justice drastically changed the ministry's priorities and launched a national dialogue on justice sector reforms, which culminated in the National Charter for Judicial Reform in 2014. The project design was not adjusted to the changing political economy. As a result, the project's implementation faced challenges from the beginning because of low government ownership and insufficient World Bank reactivity. Eventually, the national dialogue overshadowed the project and the government lost interest completely when the EU, with the United Nations Children's Fund and the Council of Europe, committed €75.5 million to the ministry's alternative program. The ministry increasingly lost faith in the ability of the World Bank–supported project to deliver on its priorities and agreed to cancel it in 2015. The project closed without delivering any of its outputs and was rated "highly unsatisfactory" at completion. After this experience, the World Bank did not engage with the government on further justice sector reforms but continued analytical work on the topic, notably through the CEM, which covered issues of rule of law and justice extensively.

Enhancing Subnational Participation

The balanced development of Moroccan territories was a cornerstone of the 2011 constitution but, until the latest strategy, received limited World Bank attention. The 2011 constitution, and the Organic Law No. 113-14 of July 15, 2015, enshrined subsidiarity and advanced regionalization principles. Morocco's 12 regions, 17 deconcentrated *wilayas* (regional deconcentrated unit), and 1,503 municipalities were given mandates from the central government to cover the infrastructure and basic social service needs for their residents. However, subnational governments have struggled to deliver on these mandates because of financing challenges and weak institutional capacity. The territories struggle to attract private capital because of regulatory and political risks for investors and rent-seeking behaviors. As a result, territories continue to rely on the central government to finance infrastructure and basic services. Moreover, weak accountability for providing these services leaves municipalities without a strong incentive to perform effectively (World Bank 2020b). High regional imbalances in wealth, human capital, and access to quality services are also persistent (CSMD 2021). However, despite the World Bank's commitment to reducing regional disparities, the share of financing going to lagging regions decreased between the first and second parts of the evaluation period (figure 5.1 and appendix D). As shown in chapter 3, the Bank Group has provided major financing and advisory services to improve Morocco's business environment, but until 2018 that support concentrated on Casablanca, the business and economic center of Morocco and the focus of the *DB* survey. Moreover, most of the World Bank's technical assistance, ASA, and capacity-building efforts have supported the central government, not the territories. It was not until the latest CPF (FY19–24) that the World Bank made territorial inclusion a priority and started experimenting with financing subnational governments.

More recently, the Bank Group has experimented with approaches to engage subnational authorities. The FY19–24 CPF made reducing regional imbalances one of its three overall priorities, and since then, the Bank Group has tested various ways of engaging subnationally. Three examples illustrate the range of this experimentation. The first example is the Bank Group's support for CRIs—the regional one-stop shops for business climate reforms. Earlier in the evaluation period, the Bank Group did not interact much with CRIs. However, a 2015 Cour des Comptes (Audit Court) evaluation of Morocco's 12 CRIs shed light on their institutional weaknesses and prompted both IFC and the World Bank to engage CRIs directly to improve their services to firms and investors, starting with pilot operations in Casablanca and Marrakech-Safi. Both operations required the Bank Group and the CRIs to establish effective working relationships and develop a coordination mechanism with central authorities. The second example is the World Bank's support for municipal authorities through the $200 million Casablanca Municipal Support Program PforR, which calibrated DLIs at the municipal level and where funds go to municipal budgets. This municipal-level approach achieved good results by easing requirements for starting businesses, helping businesses obtain construction permits, and digitizing business registrations—a process that has since been adopted nationally. The third example is IFC's use of advisory services to engage municipalities directly. In June 2020, IFC launched a $900,000 advisory services project to improve business competitiveness in the Marrakech-Safi municipality. The project aims to reduce public procurement payment delays for SMEs, promote private investments in aftercare activities, and build the capacity of the Regional Business Environment Committee.

Figure 5.1. Share of World Bank Commitments to Subnational Regions, 2010–20



Source: Independent Evaluation Group.

Note: Over the period 2010–20, the World Bank commitments were primarily allocated to higher-need regions (42.2 percent of commitments), 33.1 percent of the World Bank commitments were allocated to lower-need regions, and 24.8 percent were allocated to medium-need regions. In the figure, the data are disaggregated across the periods 2010–15 and 2016–20 and displays the evolution of the regional distribution of World Bank commitments across the two periods. The level of need is represented by gross domestic product (GDP) per capita (y-axis), but a similar conclusion can be reached when using other indicators as a proxy for the level of need (such as nighttime lights data).

The Bank Group has also experimented with approaches to fill subnational financing and capacity gaps. The World Bank's *Morocco Infrastructure Review* estimates that Moroccan municipalities require DH 22.2 billion per year to cover their equipment and infrastructure costs, but they currently mobilize only about DH 4.5 billion per year. As a result, these municipalities depend on the central government to finance these needs. In response, the World Bank and IFC have experimented with different approaches to help local authorities address these gaps. For example, in 2020, the World Bank funded a $300 million Municipal Performance Program PforR in partnership with the Agence Française de Développement (French Development Agency). The program provides performance-based grants to help municipalities improve services and attract private financing. It has tested several innovative approaches, including helping cities mobilize capital through PPPs, shifting the responsibility for local investment planning from regional organizations to the Ministry of Interior, developing an intermunicipal mechanism to coordinate investments, and providing on-demand technical assistance to participating municipalities and intermunicipal institutions. For its part, IFC is financing $25 million in advisory services to improve the road network in the Fès-Meknès region and a $100 million operation for Casablanca's two new tramway lines—the first such investment with a local government in the Middle East and North Africa Region without a sovereign guarantee. In interviews, Ministry of Interior counterparts and other development actors supported the Bank Group's experimentation and acknowledged several risks. For example, starting with higher performers makes sense in the experimentation stage but also means that the World Bank has committed more toward lower-need regions in the second part of the decade than in the first (figure 5.1).

Box 5.1. Outcome: The World Bank Group's Contributions to Human Capital Formation and Protection

» The World Bank Group helped Morocco implement difficult reforms in teacher recruitment and training. The inadequate teacher selection process and teacher training were among the main causes of Morocco's low-quality education (CSEFRS 2014). To address these issues, the World Bank's 2010–13 development policy financing series' prior actions revamped preservice training, transferred teacher training responsibilities to universities, and strengthened the merit-based recruitment process. These reforms met resistance from teachers' unions and were undermined by the government's decision to hire contract teachers with limited training to address teacher shortages. Learning from the limited progress of the development policy financing, the World Bank reengaged in the sector in 2017 to prepare a Program-for-Results operation (signed in 2019) that tackled governance constraints to teacher recruitment and training. The operation rolled out a new training and induction model for new hires, developed a plan for teachers' professional development, and developed psychotechnical tests for teacher recruitment.

(continued)

Box 5.1. Outcome: The World Bank Group's Contributions to Human Capital Formation and Protection (cont.)

- The World Bank advanced early childhood development (ECD) as a national priority. The World Bank's analysis on ECD raised the government's awareness of the negative impacts of low-quality ECD on human capital outcomes. The World Bank used the analytics and convening power of the Human Capital Project to convince authorities to invest efforts in ECD, which led the government to make early childhood education compulsory. The World Bank's Program-for-Results also incentivized the government to invest in quality as it improves the national coverage of early childhood education. The program developed a training system for preprimary educators, established robust measurement systems, and implemented quality standards for early childhood education providers. The World Bank also supported the third phase of the National Initiative for Human Development to address its shortcomings with ECD.

- The World Bank helped Morocco decentralize its education system through trial and error. Morocco's decentralization agenda started in 2000 with the creation of Regional Education and Training Academies (AREFs) but by 2010 had made limited progress. The World Bank's development policy financing series advanced decentralization by having the ministry devolve 50 percent of human resource management to AREFs. However, the low capacity of AREFs led to weak results. Learning from these experiences, the World Bank's Program-for-Results used financial analyses to identify bottlenecks, mobilized international expertise to address weak AREF capacity, and introduced performance contracts backed by rigorous financial and performance data.

- The World Bank helped Morocco rapidly transform its social protection system. The World Bank's analytics helped eliminate regressive subsidies and build a modern and progressive social protection system. Early in the decade, the World Bank partnered with the National Observatory for Human Development to assess the political and technical feasibility of reforming the country's main social protection programs—Regime d'Assistance Medicale, DAAM (Aide Directe aux veuves en situation de précarité ayant des enfants orphelins à charge), and Tayssir. The World Bank subsequently supported Morocco's development of the National Population Registry and the Unified Social Registry using biometric identification

(continued)

Box 5.1. Outcome: The World Bank Group's Contributions to Human Capital Formation and Protection (cont.)

tools to generate unique identifiers. Both platforms are being successfully piloted in Rabat with a national rollout expected in 2023. The Unified Social Registry will become the only entry point for all social assistance. These building blocks of a modern social protection system enabled the rollout of a very ambitious set of reforms adopted during the COVID-19 pandemic that set out to increase the social protection coverage to an additional 11 million Moroccans (as announced by the king's October 2020 speech and enacted in the National Framework Law of 2021).

» The World Bank made more modest contributions to health system reforms. The World Bank was absent from Morocco's health sector between 2000 and 2015. Its reengagement through a Program-for-Results focused on subnational territories, the prevention and treatment of noncommunicable diseases, and equitable access to basic health services for children and mothers. The World Bank's introduction of mobile health vans was a useful innovation that helped in the country's COVID-19 response. The World Bank also partnered with the World Health Organization and the Ministry of Health to organize the National Conference on Health Financing in June 2019 with recommendations that ultimately informed the health financing aspect of the social protection and health reforms that were initiated in 2020. However, the World Bank's attempt to introduce a national health management information system did not materialize.

» The World Bank's contributions to improving the labor force participation of women and youth have not matched its diagnostics and have been fragmented and small in scale. The World Bank's in-depth diagnostic work on gender inequality has not translated into strategic action on labor force participation. The few operations that have focused on youth inclusion were small in scale, focused heavily on entrepreneurship, and did not generate sufficient learning on active labor market programs. Likewise, the World Bank has yet to gain traction with the government to translate its thorough diagnostic of the barriers to female labor force participation into action.

Source: Independent Evaluation Group.

[1] See World Development Indicators 2020.

[2] The exception was the large, planned Program-for-Results operation to support Morocco's National Initiative for Human Development (P116201) in 2012.

6 | Conclusions and Lessons

During the evaluation period (2011–21), Morocco has started to fundamentally rethink its approach to development, culminating in its NDM. This period was a time of transition for Morocco. The country responded to the Arab Spring by adopting a new, more inclusive constitution. It engaged in ambitious reforms to its pension system, education policy, and agricultural policy, among others, which led to reduced poverty, expanded schooling, and greater access to water and electricity. The Bank Group actively supported these reforms through policy dialogues that led to budget support and analytical contributions to the government. However, about midway through the evaluation period, it became clear to the World Bank and its government counterparts that Morocco's development progress had stalled—the country was unable to sustain its economic convergence with southern Europe and consolidate its development momentum. As a result, the authorities began experimenting with a new development trajectory that included more multisectoral work, results-based budgeting, decentralized governance, modernized social protection systems, and a reduced state presence in the economy. The Bank Group played a central role in helping Morocco test these new implementation modalities and learn from other countries' innovations. It also proposed a new development approach that helped the government question the relevance of its previous one, and eventually, the authorities decided to establish an entirely new model. The NDM starts with the recognition that key systemic obstacles have hindered Morocco's path toward upper-middle-income status. These systemic obstacles, which this evaluation covers in chapters 2 through 5, include incoherent public policies, an uneven economic playing field that favors large corporations and SOEs, weak public implementation capacity, low participation of citizens in civic and economic life, and low involvement of subnational actors in the country's development.

The Bank Group's strategy became more relevant and selective during the evaluation period. The Bank Group committed $11.2 billion in operational, policy, and analytical contributions over this time, particularly in private sector–led growth, human capital development, inclusive and sustainable development, and improved governance. During the FY10–13 strategy period, the Bank Group met Moroccan authorities' fast-growing demand for budget support across sectors. This led to the proliferation of development objectives in the country strategy—44 across 12 outcome areas—and an overreliance on single-sector DPF. The two subsequent strategy periods, covering FY14–21, were more selective—only 12 objectives across 3 outcome areas. The Bank Group applied lessons from the 2017 CEM and 2018 SCD by increasing its focus on governance, citizen voice, and institutional strengthening. It shifted its focus away from passing single-sector reforms in the first half of the evaluation period toward enabling reform implementation and multisectoral solutions in the second half. The Bank Group rebalanced its use of instruments to support this shift, scaling down its reliance on DPF and increasing its use of PforR, which was more adept at supporting the government's enhanced results orientation. Over this period, IFC ramped up its advisory services to help both the government and private sector clients make progress in implementing reforms.

The Bank Group found ways to maximize its impact in a politically sensitive country context and crowded aid environment. The Bank Group achieved this goal through several approaches. First, it capitalized on its management of global benchmarking data to initiate dialogues on key policy reforms to improve business competitiveness, access to finance, and ECD. IFC, for its part, was able to use its advisory work to help reform Morocco's business environment and financial architecture, which led to sectorwide impacts. Second, the World Bank took a less prominent role in supporting reforms when its up-front presence could have complicated those efforts. This was the case during the first phase of Morocco's pension reforms and the government's reshaping of its development model. Third, the World Bank used a flexible approach to maintain a long-term engagement with the government in certain thematic areas, such as agriculture policy. The World Bank's flexible and adaptive approach, informed by learning, also contributed to successful education and irrigation reforms. In policy areas where the Bank Group was perceived as less flexible, such as industrial policy, it lost direct influence with government officials but maintained relevance through its analytical work, which ultimately gained traction. Fourth, the World Bank tailored its services to Morocco's development context and political economy to impact development policy. For example, the World Bank used the CEM as a platform to engage in dialogue on sensitive reforms; the report spoke hard truths about development needs without crossing politically sensitive red lines. As a result, the CEM substantively informed the country's new development trajectory. By contrast, when the Bank Group failed to adjust to the country's development context or learn from past mistakes, reform efforts failed, such as with justice sector reforms and water and sanitation operations. Fifth, more recently, the Bank Group has made efforts to overcome coordination and uptake issues and engage subnational partners in development. Recognizing that uneven policy implementation was linked to the weak financial and institutional capacity of subnational authorities, the FY19–24 CPF made addressing territorial inequity a priority. Since then, the Bank Group has been experimenting with various ways of engaging subnationally. Some notable efforts include IFC's investments without sovereign guarantees in Casablanca and Fès-Meknès; the World Bank's Casablanca Municipal Development PforR for which funds go to municipal budgets; the Municipal Development PforR, cofinanced by the French Development Agency, in about 100 urban municipalities; and the World Bank's youth inclusion IPF in Marrakech-Safi. However, it is too soon to gauge the outcomes from these approaches.

Based on these findings, this evaluation identified the following lessons to guide future Bank Group engagement in Morocco and other countries facing similar development challenges:

» At times, the World Bank traded recognition for influence to gain traction in Morocco's policy reforms. The World Bank engaged the government with different approaches in different policy areas, adequately sequencing and combining analytical and lending instruments. The World Bank's impact hinged on its ability to frame policies on sensitive topics in ways that were palatable to government decision makers. This was the case with the CEM, which conveyed important points, informing Morocco's NDM without crossing politically sensitive lines. As a result, the CEM's diagnostics and recommendations substantively informed the country's national development strategy. In other areas, such as the politically sensitive subsidy and pension reforms, the World

Bank was willing to limit its role to providing just-in-time analytics when a more prominent role might have jeopardized reforms. This approach allowed the World Bank to stay engaged with national institutions and policy makers over an extended period, thereby further building the government's trust in and appreciation for the World Bank's expertise.

» The Bank Group effectively used global benchmarking data to motivate reforms. In Morocco, the Bank Group used the Changing Wealth of Nations indicators, the Human Capital Index, and the *DB* rankings to initiate discussion on policy reforms in key areas. The country's low or middling performance in global benchmarking indicators motivated government officials to improve Morocco's standing in those areas. The Bank Group built on this motivation to enter into wide-ranging dialogue on reforms. For example, drawing on the findings of the Enterprise Surveys for Morocco, the Bank Group identified and provided support to the authorities to address important constraints to private sector development and empower small enterprises, helping to level the economic playing field.

» IFC effectively deployed its advisory work to support major Moroccan companies, including SOEs, in making organizational changes. It achieved these effects through a range of advisory and investment support services and collaborations with key national institutions and business associations over many years. The advisory work also helped raise environmental and social standards and improve corporate governance.

» The first World Bank–wide PforR operation was introduced in Morocco in 2012, and since then, the instrument has gained traction in the country, especially in the second part of the evaluation period. There are two main lessons that emerge from the World Bank's experience with PforR operations in Morocco. First, the lack of resources to provide technical assistance to ministries in charge of implementing reforms and reporting on DLIs limited the effectiveness of health and education PforR operations. As such, the World Bank needs to proactively mobilize resources to fill this technical assistance gap. Second, the World Bank needs to more proactively engage the key stakeholders during the preparation of PforR operations to facilitate dialogues between the Ministry of Economy and Finance and line ministries to define ambitious but achievable DLIs and maintain a predictable disbursement schedule.

- To engage directly at the subnational level in Morocco, the Bank Group took new risks and was willing to experiment with new approaches. Although it is too early to assess outcomes, the Bank Group's successful subnational engagements have depended on its ability to take more risks to engage with higher-need territories, adapt its instruments to subnational needs and clients, and coordinate with other development partners (especially to avoid local government indebtedness).

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APPENDIXES

Independent Evaluation Group

The World Bank Group's Engagement in Morocco, Fiscal Years 2011–21

Appendix A. Evaluation Methodology

Evaluation Scope and Questions

The evaluation relies on a theory-based contribution analysis framework to guide its understanding of the World Bank Group's contributions to Morocco's development trajectory over the past decade (fiscal years 2011–21). The evaluation's scope encompasses three interrelated outcome areas: (i) private sector–led growth to absorb a growing labor force, (ii) inclusive human capital formation and the integration of women and youth into the labor force, and (iii) resilience to climate change and the sustainable management of resources. Issues related to governance serve as cross-cutting themes.

The central evaluation questions were based on four systemic "knots" hindering development. These were identified as part of a special commission empowered by the king of Morocco in 2019. The knots addressed were as follows: (i) a lack of consistency between the country's development vision and its public policies, (ii) a locked economy discouraging new entrants and generating nonproductive rent-seeking behaviors by favoring established firms and state-owned enterprises, (iii) weak public sector capacity to implement policies and deliver quality public services, and (iv) low citizen participation in economic and civic life (including low engagement of subnational actors).

Three evaluation questions were formulated to assess the relevance and effectiveness of Bank Group engagement with Morocco in this context. They are outlined below:

» Question 1: To what extent has the Bank Group contributed to enhancing productivity and private sector–led growth that can absorb Morocco's growing labor force?

» Question 2: To what extent has the Bank Group contributed to inclusive human capital formation and to addressing the obstacles to women and youth labor force participation?

» Question 3: To what extent has the Bank Group contributed to reducing climate risks and natural resource degradation and their combined effect on vulnerable populations, especially in rural areas?

In answering these questions, the evaluation also tackles cross-cutting issues related to the Bank Group's success in navigating governance and political economy constraints, including the effectiveness of efforts to identify, prioritize, and address key political economy challenges to specific operations and reforms.

Evaluation Design

The evaluation design draws on a range of methods and triangulates evidence across a variety of data sources to address the three outlined questions. This approach relies on four design principles. First, a theory-based evaluation of Bank Group contributions to country outcomes is used to understand direct and indirect pathways of policy influence. The evaluation design matrix summarizes the methods and approaches that link evaluation questions to a theory of change and theory of action, mapping their contributions to the relevance and effectiveness of the Bank Group's contributions to Morocco's development trajectory. Second, a contribution analysis framework is developed to evaluate the relevance and effectiveness of Bank Group contributions (described in greater depth in this appendix). Third, the evaluation combines causal analyses within and across outcome areas. Within-case analyses (including process tracing) are used in an in-depth study of Bank Group actions that led to change in salient cases. Cross-case analysis is used to draw general patterns across outcome areas. Fourth, a mixed methods approach is used to triangulate evidence across outcome areas and to assess the value of the evidence gathered.

Evaluation Design Matrix

Figure A.1 shows the evaluation design matrix summarizing the methods and approaches that link evaluation questions to the theories of change and action, providing an overview of how specific approaches contribute to the evaluation's understanding of the relevance and effectiveness of Bank Group interventions in Morocco. This includes content analysis of project documents; stakeholder mapping; interviews with World Bank staff, clients, and partners; geospatial analysis of Bank Group and partner operations, including georeferencing of interventions; and process tracing of policy influence, including the use of mixed media.

The design matrix supports the five-step theory-based contribution analysis that outlines the analytical steps used to address the evaluation questions. The final column in figure A.1 provides a brief note on potential limitations that constrained the analysis, including considerations of data quality and access issues related to pandemic restrictions.

Figure A.1. Evaluation Design Matrix

Evaluation Questions	Methods and Approaches: Trend analysis	Methods and Approaches: ToC and ToA	Methods and Approaches: Relevance	Methods and Approaches: Effectiveness	Limitations and Mitigations
EQ1: To what extent has the World Bank Group contributed to enhancing private sector–led growth that can absorb Morocco's growing labor force?	Analysis of secondary data that capture the evolution of key country or sector outcomes that the Bank Group has sought to influence.	Content analysis of design documents: specifically, program description (for ToC) and program implementation (for ToA) to reconstruct the sequence and packages of Bank Group activities, make explicit the intended ToC, identify intended contributions to addressing key "knots."	Content analysis of (self-) evaluation documents (and validation and program evaluation, when available) to extract evidence on the relevance of design and objectives of operations that are part of packages.	Content analysis of (self-) evaluation documents (and validation and program evaluation, when available) to capture evidence of contributions to outcomes (for example, key performance indicators or contribution narratives, including factors for success and failure).	Information contained in project documents can be missing or superficial on key dimensions of interest. Reconstructing packages of operations over time can fall prey to "choice supportive bias." It might not be possible to reach key counterparts and informants covering the early years of the evaluation period, and there could be recall bias. Data that are sufficiently longitudinal, reliable, and disaggregated (both socially and geographically) may not be available. Georeferencing of Bank Group operations is patchy and may not be sufficiently disaggregated.
EQ2: To what extent has the Bank Group contributed to improved human capital formation and to addressing the obstacles to women and youth labor force participation?	Review of Bank Group analytics and external diagnostics to understand the factors driving the trend in outcome data.	Interviews with Bank Group task team leaders/investment officers and sector leaders to bridge information gap and corroborate/refine ToCs and ToAs.	Interviews with clients and partners to gauge opinions about the relevance and adaptation of Bank Group operations over the decade.	Interviews with clients and partners to gauge opinions and collect additional or (dis)confirming evidence about the magnitude and significance of the Bank Group contribution.	
EQ3: To what extent has the Bank Group contributed to reducing natural resource degradation and climate risks and their combined effect on vulnerable populations, especially in rural areas?	Interviews with experts to corroborate or refine the teams' understanding of trend and explanatory factors.	Stakeholder mapping and political economy analytical tools to identify constraints to key reforms and how the Bank Group went about overcoming them.	Analysis of gender gaps addressed by Bank Group operations (for EQ1b) to gauge the relevance of the targeting of Bank Group support based on gender-differentiated needs.	Contribution analyses to test the most plausible change pathways using econometrics or case-based approaches (depending on data availability, the complexity of the pathway, and the magnitude of efforts).	
			Geospatial analysis of World Bank and partners' operations by sector to gauge the relevance of Bank Group targeting.	Process tracing of policy influence (including use of mixed media).	

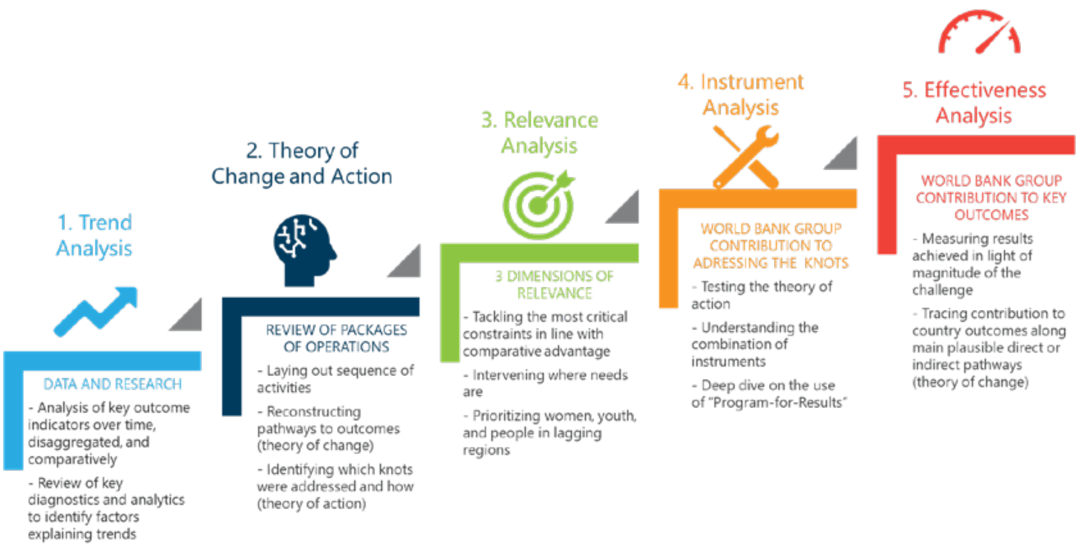
Source: Independent Evaluation Group.
Note: ToA = theory of action; ToC = theory of change.

Source: Independent Evaluation Group.
Note: ToA = theory of action; ToC = theory of change.

Theory-Based Contribution Analysis

Theory-based contribution analysis is central to the evaluation of Bank Group interventions in Morocco. This approach relies on five steps, which are summarized in figure A.2.

Figure A.2. Contribution Analysis Approach



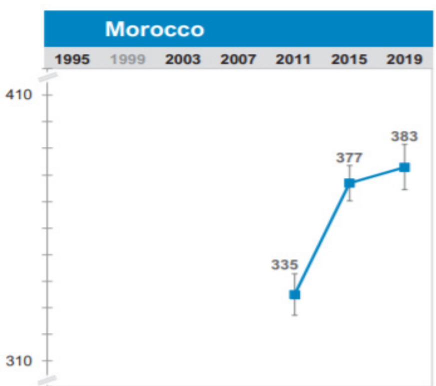
Source: Independent Evaluation Group.

In this section, we explain the five analytical steps followed for each outcome area and illustrate each analytical step with an example taken from various outcome areas.

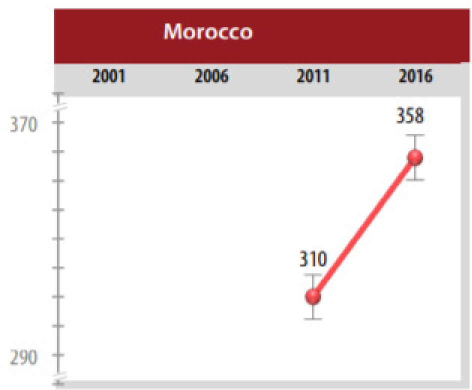
First, as part of the trend analysis, the team drew on reliable analytics and data sources produced by the Bank Group, development partners, government counterparts, and academia to synthesize key diagnostics and review major trends for each high-level outcome. This allowed the team to take stock of where progress has been recorded and where it has stalled and to better understand the relevance and utility of Bank Group analytics. When appropriate, the team conducted comparative analyses either across regions within Morocco or with meaningful country comparators. The trend analysis was also used to identify potential explanatory factors, unpacking 12 contribution pathways across the three outcome areas. Figure A.3 shows an example of a trend analysis dashboard built for outcome pathways.

Figure A.3. Example of Trend Analysis Dashboard Built for Each Outcome Pathway

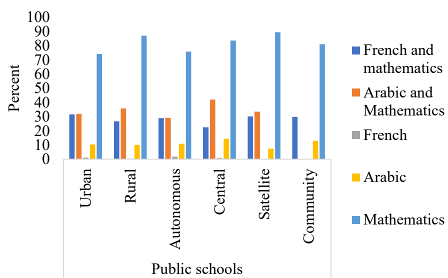
a. Average mathematics achievement



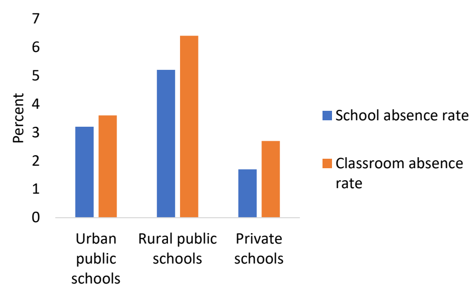
b. Average reading achievement



c. Teachers scoring above 70% in minimum knowledge assessment



d. Teacher absence rate



Sources: Service Delivery Indicators Education Survey 2016; Human Capital Index data; for mathematics: TIMSS (Trends in International Mathematics and Science Study) 2019 data; for reading: PIRLS (Progress in International Reading Literacy Study) 2016 data.

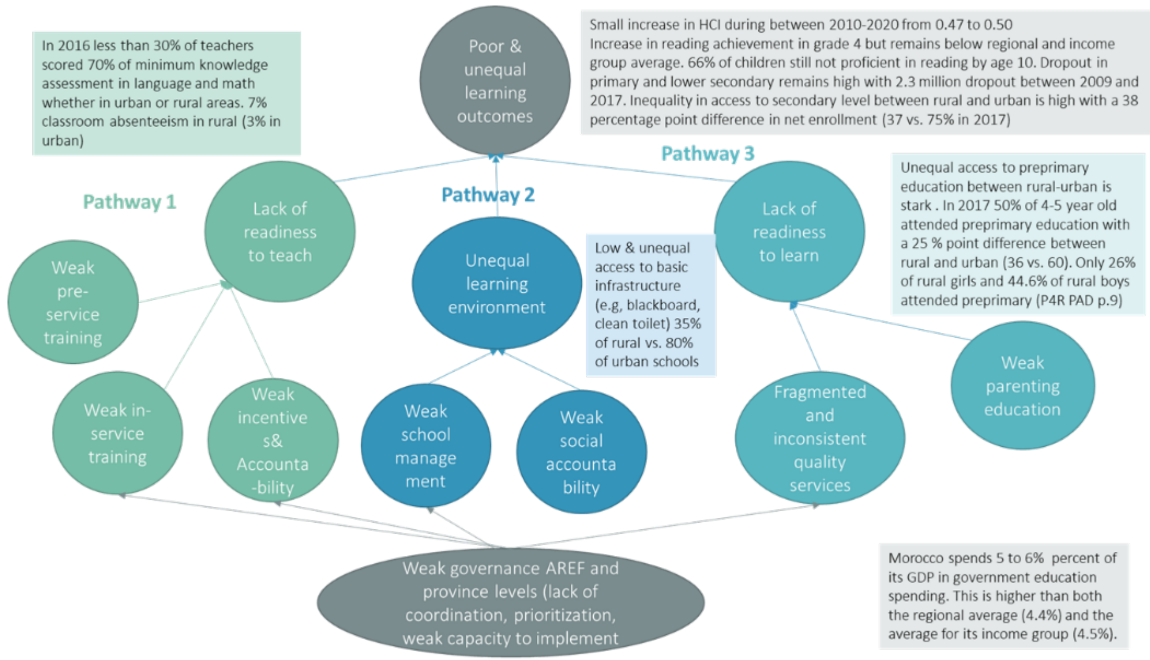
Second, the team relied on a theory of change and theory of action to reconstruct both direct and indirect pathways to country outcomes pursued by the Bank Group. Where applicable, analytics from the prior trend analysis served as inputs for the theories of change of Bank Group operations. Document reviews and interviews with Bank Group staff helped uncover the sequence of activities and to identify how Bank Group contributions addressed key knots. A timeline of interventions was reconstructed for each outcome area. Figure A.4 illustrates the reconstruction of an outcome-specific theory of change, and figure A.5 shows an example of how interventions were combined and sequenced to analyze packages in more details.

Third, the evidence gathered in the previous steps was combined with additional information (including systematic review of government policy and evaluation documents, interviews with key Moroccan counterparts, georeferenced data on needs and interventions, civil society organization reports, and press coverage when available) to assess the relevance of the Bank Group's contributions along the three main dimensions outlined in the evaluation questions. Specific attention was paid to the Bank Group's effectiveness in tackling constraints in line with its comparative advantages and prioritizing underserved populations, such as women and youth. To support this, an analysis of other development partner operations was overlaid with Bank Group portfolio interventions to gauge the extent to which the Bank Group prioritized its activities and seized windows of opportunity to address issues related to the major knots.

Fourth, the evaluation assessed the complementarity of instruments used to address knots to Morocco's development. This served to test the theory of action. Specifically, the analysis focused on the use of development policy financing and Program-for-Results interventions (which played a notable role in the portfolio) and the impact they have had across outcome areas (see appendix B for more details).

Finally, outputs from the previous steps were synthesized to assess the Bank Group's effectiveness in contributing to development outcomes along the most plausible pathways. The evaluation used pertinent causal analysis techniques depending on the nature and complexity of the pathway (for example, direct or indirect) and the availability of data.

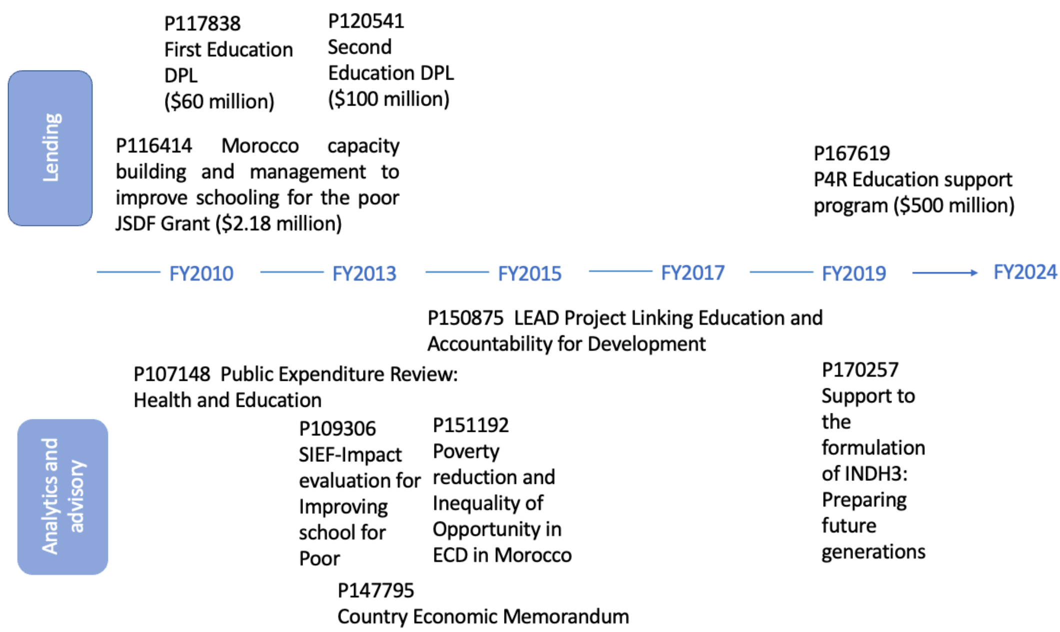
Figure A.4. Example of Theory of Change Reconstruction for Human Capital Formation



Source: Independent Evaluation Group.

Note: AREF = Regional Education and Training Academy; GDP = gross domestic product; HCI = Human Capital Index; PAD = Project Appraisal Document; P4R = Program-for-Results.

Figure A.5. Example of Intervention Timeline for World Bank Human Capital Formation Portfolio



Source: Independent Evaluation Group.

Note: DPL = development policy loan; ECD = early childhood development; FY = fiscal year; INDH = National Initiative for Human Development; JSDF = Japan Social Development Fund; P4R = Program-for-Results; SIEF = Strategic Impact Evaluation Fund.

Within- and Cross-Case Analyses

The team conducted a comparative analysis across multiple contribution pathways across the three outcome areas (private sector–led growth, human capital formation, and sustainable development). Each outcome area was unpacked into several contribution pathways (see table A.1).

Table A.1. Outcome Areas Studied in the Evaluation

Private Sector–Led Growth	Inclusive Human Capital	Resilience to Climate Change	Governance (Cross-Cutting Theme)
Business environment and competitiveness	Human capital formation (education and early childhood development)	Renewable energy	Public administration
Access to finance	Human capital protection (social protection and health)	Water management (irrigation, water supply and sanitation, solid waste)	Open governance
Macro and governance reforms	Human capital participation in labor force	Disaster risk reduction	Justice sector

Source: Independent Evaluation Group.

This provided a means of systematically comparing the theory of action for policy influence and implementation across outcome areas, allowing the team to determine whether, and how, the Bank Group enhanced decentralization, innovated and adapted, and built trust and coordination to overcome implementation challenges. Within-case analysis provided deep dives into key operations and activities, tracing the impact of Bank Group interventions on development reforms in Morocco in each of the 12 pathways. Cross-case analysis occurred across the 12 pathways along eight different dimensions, including the use of analytics or global data for influencing, working with a policy champion, the level of ambition of objectives and indicators, the sequence of instruments, the use of dedicated technical assistance, learning and adapting, innovation, and the use of a political economy lens.

This approach provided two advantages. First, it provided a systematic comparison of whether, and how, the Bank Group overcomes implementation challenges by enhancing decentralization, embracing innovation, and fostering coordination and trust. Second, it provided lessons on the determinants of successful implementation by allowing the team to compare similar cases and contexts to draw generalizable insights across the sample of cases examined. Cross-case work proved effective in highlighting the importance of correct sequencing, the value of a rigorous implementation framework, and active engagement in learning and adaptation.

Evaluation Methods

The evaluation design matrix leveraged findings from a series of methodological approaches across the five-step contribution analysis used to assess the impact of Bank Group interventions in Morocco. These approaches included semistructured interviews, a process-tracing framework, the analysis of disbursement-linked indicators (DLIs), geospatial analyses (including a limited relevance of targeted analysis), and a development partner analysis. The methodologies underpinning each of these approaches are briefly described in the following sections.

Semistructured Interviews

The evaluation conducted 120 semistructured interviews. These included 85 interviews with Bank Group staff, 10 with Morocco's development partner organizations, and 25 with the Bank Group's government counterparts. Interviewees were selected to avoid confirmation biases, drawing on a diverse range of both World Bank and non–World Bank stakeholders to integrate a heterogenous mix of insights and points of view into the analysis. In accordance with local health guidelines, given the restrictions of COVID-19, interviews were conducted through virtual missions.

Although competing priorities precluded interviews with the full expected range of government counterparts, insights from the interviews, nevertheless, provided valuable information to support findings from the relevance, instrument, and effectiveness analyses outlined in the theory-based analysis of Bank Group contributions. Where possible, insights from the interviews were systematically analyzed using the qualitative data analysis software NVivo. The interviews provided information on the key comparative advantages of the Bank Group over other development partners, helping to flesh out the conditions under which government counterparts would prioritize Bank Group inputs for shaping the trajectory of Morocco's development agenda.

Process Tracing

The team conducted an in-depth process-tracing study of the impact of various Bank Group knowledge products on the formation of Morocco's New Development Model. This effort focused on the process of change initiated by the preparation of the Country Economic Memorandum published in 2017 and the activities associated with its production and dissemination. Process tracing involves using a process theory of change to unpack the sequence of steps involved in a causal process. In its simplest form, this involves an understanding of how the particular process works; however, more complex causal sequences will require a nuanced exploration of equifinality and multiple contribution paths. The process theory of change can be assessed empirically, linking traces of activities that link parts of the process in a given case. The resulting process evidence provides contributory evidence that can be used to trace the sequence of causation in an intervention.

The process-tracing framework examined three phases culminating in the New Development Model: (i) opening of a window of opportunity (2011–14), (ii) agenda setting and problem definition (2014–18), and (iii) deliberation (2018–21). The framework reconstructed process theories through a close reading of relevant diagnostic documents (specifically, the 2017 Country Economic Memorandum and 2016 Economic, Social, and Environmental Council report), supplementing these using inputs from the policy influence literature between 2011 and 2021. The theory was tested and validated using evidence from interviews (see the Semistructured Interviews section in appendix A), consolidated insights from high-level policy statements, and mixed media data.

Mixed Media Analysis

The process-tracing framework was supplemented with empirical evidence from a variety of mixed media resources. The Talkwalker social listening platform was used to extract Moroccan media references on two themes related to intangible capital and early childhood development between 2017 and 2021. References in conventional and social media were extracted using a series of dedicated Boolean queries in English, French, and Arabic.[1] The search yielded 15,600 scraped outputs related to themes of early childhood development and about 500 outputs related to intangible capital. Metadata and content analyses helped identify relevant empirical inputs associating the Bank Group's analytical work to the New Development Model, which were then incorporated as evidence into the process-tracing framework.

Disbursement-Linked Indicator and Ratings Analyses

The evaluation team conducted a descriptive analysis of performance ratings and DLIs in Program-for-Results operations. The ratings were developed by the Independent Evaluation Group team and then assigned to each DLI through manual coding. The analysis covered nine parent Programs-for-Results, of which eight are currently active. The analysis was focused on the following question: Do individual DLI targets strike the right balance between predictability of disbursement and achievement of results? DLIs can be derived from either results frameworks or the Program Action Plan, and the latter may include elements outside the results framework.[2] See appendix B for more details on the approach.

Geospatial Analyses

Analysis of Water Budget in the Oum Er Rbia Basin

Geospatial modeling was used to estimate the water budget and assess changes in arable land and groundwater levels in Morocco's Oum Er Rbia basin. The water budget accounts for the water that flows into and out of a specific area. Changes in the water budget between 2010 and 2020 were estimated using the following formula:

Water budget = Precipitation – Evapotranspiration – Runoff

Data for evapotranspiration, total precipitation (including both liquid and frozen precipitation), and surface runoff were derived from the National Aeronautics and Space Administration's Global Land Data Assimilation System (Rodell et al. 2004) and subsequently reprojected using the Africa Albers Equal Area Conic projection to increase estimation accuracy. Turning to groundwater depletion, data from the Global Land Data Assimilation System (Rodell et al. 2004) were used to provide estimates of the changes in average daily groundwater storage. Finally, data from the National Aeronautics and

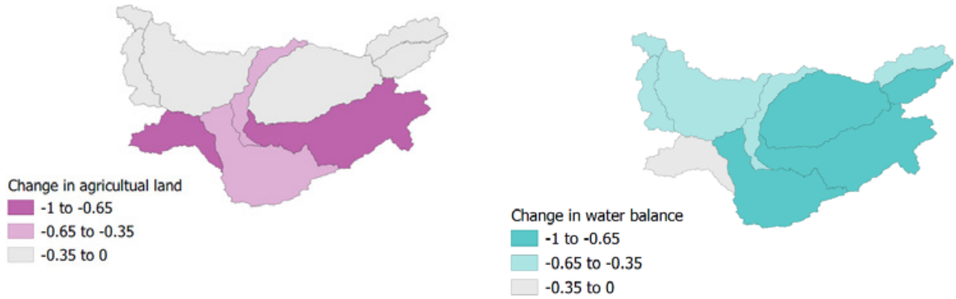
Space Administration's Moderate Resolution Imaging Spectroradiometer (Justice et al. 1998) were used to estimate vegetation index values in the basin. This provided a rough estimate of the changes in arable land across the basin. Data from two vegetation classes considered as agricultural lands (croplands and cropland/natural vegetation mosaics) were used to derive an estimate of agricultural concentration. Data points from 2010 and 2020 were then compared with assess the changes in arable land and water availability over time.[3] Figure A.6 provides a visualization of the changes in agricultural land and water balance over the decade covered in the analysis.

Panels a and b of figure A.6 chart the changes in water balance and agricultural land between 2010 and 2020. In 2010, the basin's average water budget was 106.8 kilograms per square meter, with a minimum value of 29.8 and a maximum of 238.2 across represented subbasins. In 2020, the average water budget had declined to −20.3 kilograms per square meter, with a minimum value of −47.5 and a maximum of 14.5. Strikingly, while the mean water budget for all 10 subbasins in Oum Er Rbia was positive in 2010, the subsequent averages for 2015 and 2020 were all negative, with the greatest water stress on the eastern portions of the basin. The basin also experienced a relative decline in the area of arable land (as shown in figure A.6, panel a). Although most of the subbasins recorded declines in areas of agricultural land, those most severely affected were in the southern regions of the basin, which showed the greatest percentage change in the difference in agricultural land (square meters) between 2010 and 2020.

Figure A.6. Water Balance Analysis

a. Change in arable land

b. Change in water balance



Source: Independent Evaluation Group.

Next, changes in water balance and agricultural land were correlated to provide a more accurate assessment of the relationship among these factors. The resulting choropleth map (see figure 1.3) summarizes the relationship between the two factors according to the legend, with corresponding changes in groundwater levels superimposed on each subbasin. Overall, groundwater storage levels declined 64 millimeters between 2010 and 2020, from an average of 545.2 millimeters to 481.4 millimeters. All represented subbasins recorded declines in stored groundwater levels, ranging from a decrease of 36.5 millimeters in the southwest to 84.6 millimeters in the northeast. All subbasins experienced a relative decline in water budgets and agricultural land, with the greatest changes concentrated in the southeastern portions of the basin. These areas also corresponded to the greatest decreases in groundwater storage levels, reflecting the challenges faced with respect to the availability of water and arable land.

Regional Analysis

Geospatial analysis was also used to determine whether the Bank Group and other development partners targeted operations in areas of greater need. The assessment focused on changes in targeting efforts in two periods, representing the first (2010–15) and second (2016–20) halves of the evaluation scope. The analysis was conducted at the regional level, representing the most granular level of disaggregation for which all data were available.[4]

The analysis relied on two key data inputs. The first was an estimation of the level of need across the different regions and time periods. The second was an estimation of commitments from different actors across the same spatial and temporal disaggregation. The level of need across regions in Morocco was proxied by disaggregating macro variables (such as gross domestic product per capita) and sector-specific variables to estimate the level of need in terms of access to basic services (education, health, and energy). The analysis estimated the total commitment from the World Bank, other development partners, and the public sector using publicly available data.

The analysis relied on building a customized data set that is spatially disaggregated at the regional level and temporally disaggregated about the two described subperiods. To the extent possible, official statistics from the government of Morocco and other reliable institutions were used. Additionally, and given the existing gaps in terms of geographically disaggregated data, the analysis was complemented with remote sensing data. All data were harmonized at the same level of geographic disaggregation and comparable across time. To clearly observe existing geographical patterns, the nine regions of Morocco were grouped into three categories based on the level of need—low, medium, and high. This step involved consultations with local experts to ensure that the grouping was reasonable from a local context.[5] See appendix D for more details on the methodology.

Development Partner Analysis

The team conducted a regional analysis of investments by the World Bank, Morocco's development partners, and the government. To quantitatively categorize the role of the Bank Group in the different working areas, its ranking in terms of the total commitments in each was considered along with the degree of concentration of financing. The latter was quantified using the Herfindahl-Hirschman Index for each working area. See appendix C for additional methodological details.

Limitations

The evaluation design had three main limitations. First, COVID-19 prevented the team from conducting field missions, limiting certain aspects of data collection and restricting communications with relevant country stakeholders to those offered in a virtual mission setting. Reliance on this approach presented challenges in understanding the perspectives of other development partners (including relevant nongovernmental organizations), local experts, and Moroccan citizens. Additional challenges were presented with respect to reaching interlocutors outside major urban centers and within civil society. This limitation may inject a degree of selection bias into the findings.

Moreover, Bank Group clients and partners in Morocco continued to deal with the ongoing pandemic. As such, their availability for this evaluation was particularly restricted. This risk is compounded by the aftermath of the general elections that took place in September 2021. To mitigate such risk, the evaluation team used local consultants with substantive and contextual expertise and experience in identifying key informants for interviews. The team also conducted an extensive review of government policy and evaluation documents, and reviews of reports from think tanks, civil society organizations, and universities. The team also made strategic use of media data and analyzed high-level policy statements in depth because they have important policy value in the country.

A second challenge involved capturing the Bank Group's contribution to Morocco's outcomes through indirect pathways. In Morocco, the Bank Group's influence came primarily from the use of intangible change mechanisms, such as policy influencing using data and analytics, knowledge sharing, budget support operations, convening, and policy dialogue to influence decision-making, or capacity strengthening and promoting institutional change, rather than through investment projects with measurable outputs. The outcomes of these activities are difficult to observe, measure, and document. To grapple with this challenge, the evaluation relied on process-tracing principles and techniques that are well suited to investigate these types of change processes. Furthermore, the evaluation triangulated empirics across a wide range of available qualitative and quantitative evidence over a relatively long time frame to reconstruct plausible contribution pathways.

Third, although Morocco collects a significant amount of data, access and availability of some types of data—including poverty rates—remained a challenge. Geospatial assessments of Bank Group support require high resolution and subnational indicators across the country and across sectors. As noted in the section on geospatial analyses, such data were not always available at the highest level of accuracy, granularity, and recentness. Limited data availability included indicators of some types of outcomes, time series frequency, and data at the desired level of disaggregation. To address these concerns, the evaluation paid due attention to potential constraints imposed by the availability, completeness, and freshness of relevant data (specifically, subnational and gender-disaggregated data), taking care to account for different operationalization schemes and triangulate across available indicators from other reputable sources to ensure the consistency and validity of analysis.

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[1] Key terms in French and Arabic were refined with the assistance of the evaluation team's local consultant.

[2] This was highlighted by some of management's comments to the evaluation.

[3] Estimates for smaller subbasins (for example, those in the northwest) should be treated with caution because they are derived from just a few and sometimes even one pixel of data.

[4] It should be noted that in 2015 Morocco's provinces and prefectures were reorganized into 12 regions. Consequently, data from 2010 to 2015 that can be accurately mapped to current regional boundaries are scarce. Furthermore, the following three regions are excluded from the analysis because they are not recognized by the World Bank Group: Guelmim-Oued Noun, Laâyoune-Sakia El Hamra, and Dakhla-Oued Ed-Dahab.

[5] All commitments data were extracted from the International Aid Transparency Initiative, which might not include the full set of projects implemented in Morocco during the evaluation period. Furthermore, it should be noted that the International Aid Transparency Initiative excludes both development policy financing and International Finance Corporation projects. As such, the total volume of commitments is likely understated.

Appendix B. Portfolio Rating and Disbursement-Linked Indicator Analysis

As an input to the Morocco Country Program Evaluation, the Independent Evaluation Group (IEG) conducted descriptive analyses of World Bank financing projects based on Implementation Completion and Results Report Review ratings, Implementation Status and Results Report (ISR) ratings, and disbursement-linked indicators (DLIs):

- Implementation Completion and Results Report Review ratings cover development outcome, overall Bank performance, quality at entry, and quality of supervision ratings for closed projects. They are based on 39 World Bank closed parent projects (excluding Small Grants), which account for 74 percent of all closed World Bank financing projects in the portfolio (39 of 53 projects) and for half of the total World Bank financing portfolio (39 of 77 projects).
- ISR ratings capture implementation ratings in active and closed projects. They are based on 63 active and closed projects with ratings available in their most recent ISR as of May 30, 2022, covering 82 percent of the total World Bank financing portfolio (63 of 77 projects).
- Classification of DLIs in Program-for-Results (PforR) projects according to their pace of achievement was conducted by the IEG team through manual coding. The DLI analysis covers nine parent PforRs, eight of which are active.

Overall Portfolio

Table B.1. The World Bank Group's Portfolio of Activities, Fiscal Years 2011–21

Instrument	FY11–14	FY14–17	FY18–21	Total
IPF				
Activities (number)	25	14	4	43
Commitments (US$, millions)	1,145	1,136	558	2,839
DPF				
Activities (number)	11	9	3	23
Commitments (US$, millions)	1,534	2,080	1,475	5,089
PforR				
Activities (number)	1	3	7	11
Commitments (US$, millions)	300	500	1,635	2,435
World Bank ASA				
Activities (number)	23	41	48	112
Commitments (US$, millions)	5	14	12	32
IFC AS				
Activities (number)	9	4	11	24
Commitments (US$, millions)	8	4	11	24
IFC IS				
Activities (number)	14	6	8	28
Commitments (US$, millions)	404	188	207	799
Total				
Activities (number)	83	77	81	241
Commitments (US$, millions)	3,396	3,922	3,899	11,217

Source: Independent Evaluation Group portfolio review and analysis.

Note: FY11–14 = activities active during FY11–21 but approved before FY14; FY14–17 = activities approved between FY14 and FY17; FY18–21 = activities approved between FY18 and FY21. Activities include World Bank Group operations covering World Bank financing, World Bank ASA, IFC investment services, or IFC advisory services. AS = advisory services; ASA = advisory services and analytics; DPF = development policy financing; FY = fiscal year; IFC = International Finance Corporation; IPF = investment project financing; IS = investment services; PforR = Program-for-Results.

Rating Analysis

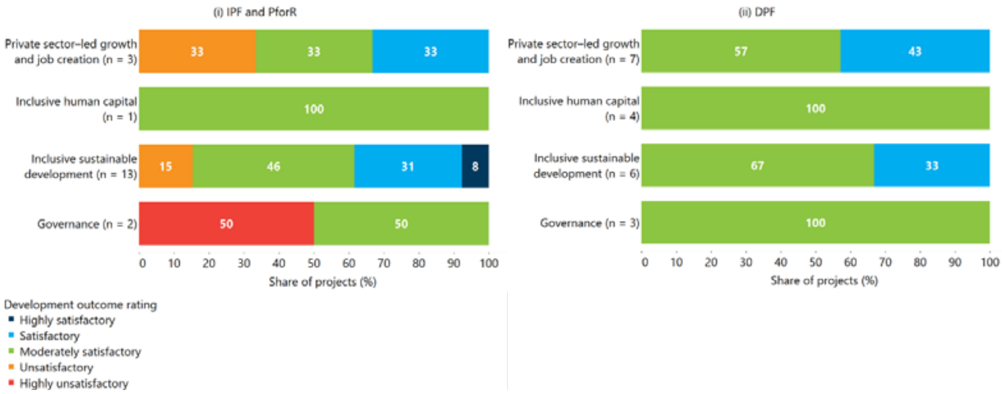
Development Outcome Ratings

World Bank projects are performing well in Morocco. Development outcome ratings are moderately satisfactory or above for over 90 percent of projects (35 of 39 projects), and projects with ratings of satisfactory or above account for more than a quarter of projects (11 of 39 projects). Performance was high across outcome areas. All projects supporting inclusive human capital had ratings of moderately satisfactory, including human capital formation and women and youth labor force participation projects. Similarly, private sector–led growth and job creation and inclusive sustainable development, each had 90 percent of projects showing ratings of moderately satisfactory or above. They also had approximately 40 percent of projects with ratings of satisfactory or above, seen mostly in support to micro, small, and medium enterprises (MSMEs), the solid waste sector, and rural transport infrastructure. Governance is an area of concern to the extent that it was the only one with a project rated as highly unsatisfactory (figure B.1, panel a).

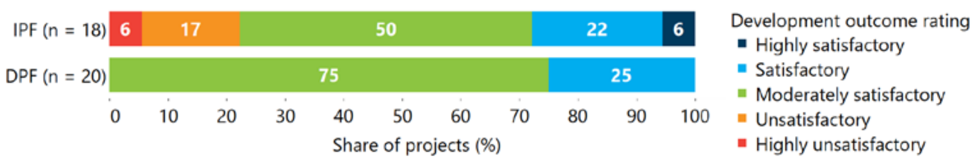
Only one closed PforR—the National Initiative for Human Development 2—was rated satisfactory by IEG in terms of development outcome achievement. Development policy financing (DPF), on average, performed better than investment project financing (IPF), with 100 percent and 78 percent of projects showing ratings of moderately satisfactory or above, respectively. There have been more challenges in achieving development outcome ratings through IPF with four projects rated with unsatisfactory or below (22 percent; figure B.1, panel b).

Figure B.1. Independent Evaluation Group Development Outcome Ratings

a. By outcome area



b. By instrument



Source: Independent Evaluation Group portfolio review and analysis based on data from Independent Evaluation Group Data hub's ratings template.

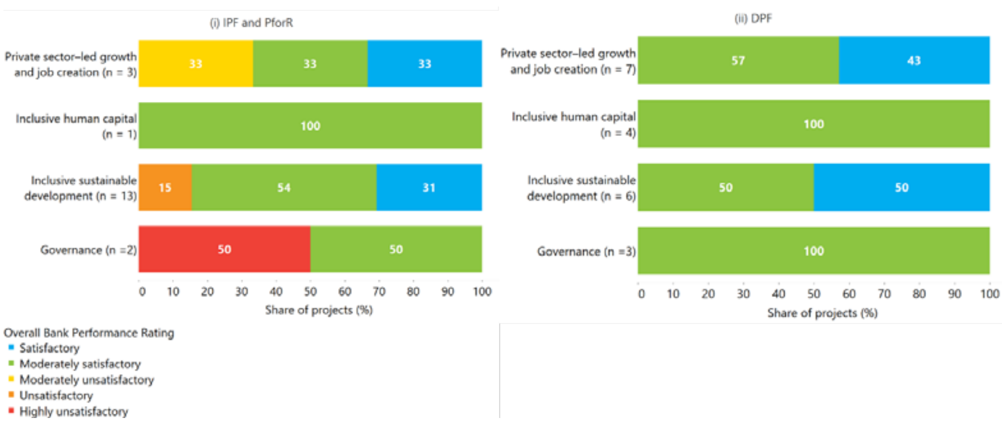
Note: N = 39 closed projects. DPF = development policy financing; IPF = investment project financing; PforR = Program-for-Results.

These results hold when the sample of projects is increased from 39 to 66 projects after including ISR development outcome ratings of active projects. With this larger sample, development outcome ratings are moderately satisfactory or above for over 90 percent of projects (60 of 66 projects), and projects with ratings of satisfactory or above account for almost 40 percent (25 of 66 projects). The best performing pillar remains private sector–led growth and job creation, with 93 percent of projects showing ratings of moderately satisfactory or above and half of the projects showing ratings of satisfactory or above, the latter seen mostly in projects focused on supporting MSMEs for improving growth and job creation. All other pillars show ratings of moderately satisfactory or above in at least 88 percent of the projects and ratings of satisfactory or above in at least 25 percent of the projects.

Bank Performance Ratings

Overall Bank performance has also been good in Morocco. At least 80 percent of closed projects in any one pillar showed ratings of moderately satisfactory or above. Private sector–led growth and job creation showed the highest rated Bank performance with 40 percent of projects rated as satisfactory: two supporting the business environment, one supporting MSMEs for growth and job creation, and one supporting productivity and value added of the agrifood sector. Notable high Bank performance is also seen in projects focusing support on inclusive spatial development with 75 percent of them showing a satisfactory rating (six of eight projects). All inclusive human capital projects showed moderately satisfactory Bank performance. Conversely, there was one project in the productivity and value added of agrifood sector area with moderately unsatisfactory Bank performance; two sustainable water management projects with unsatisfactory Bank performance; and one governance project with highly unsatisfactory Bank performance (figure B.2).

Figure B.2. World Bank Performance Ratings by Outcome Area



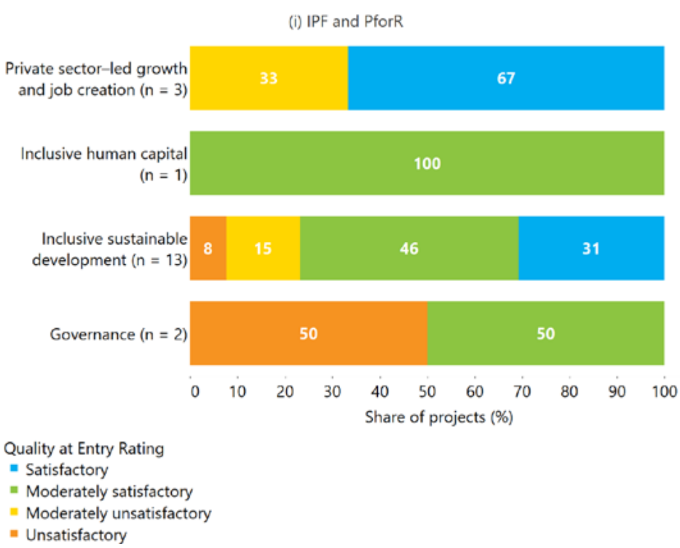
Source: Independent Evaluation Group.

Note: DPF = development policy financing; IPF = investment project financing; PforR = Program-for-Results.

Quality at Entry Ratings

For this analysis, only PforR and IPF operations are taken into account. The World Bank performed well in terms of quality at entry, especially in private sector–led growth and job creation projects. Two of the three closed IPF (there were no closed PforR in this outcome area) had quality of entry ratings of satisfactory. This was led by one project supporting MSMEs for growth and job creation and the other supporting productivity and value added in the agrifood sector. Similarly, 77 percent of inclusive sustainable development projects had ratings of moderately satisfactory or above, and 37 percent had a rating of satisfactory, the latter accounted for by six sustainable spatial development and one sustainable water management project. Both inclusive human capital and governance had 80 percent of projects with moderately satisfactory ratings, but no projects with ratings above this. Challenges in quality at entry were faced in every pillar, notably in human capital formation and government effectiveness projects. Challenges were also seen in projects in sustainable water management (two moderately unsatisfactory projects and one unsatisfactory project) and in support of productivity and value added of the agrifood sector (one moderately unsatisfactory project; figure B.3).

Figure B.3. Quality at Entry Ratings by Outcome Area



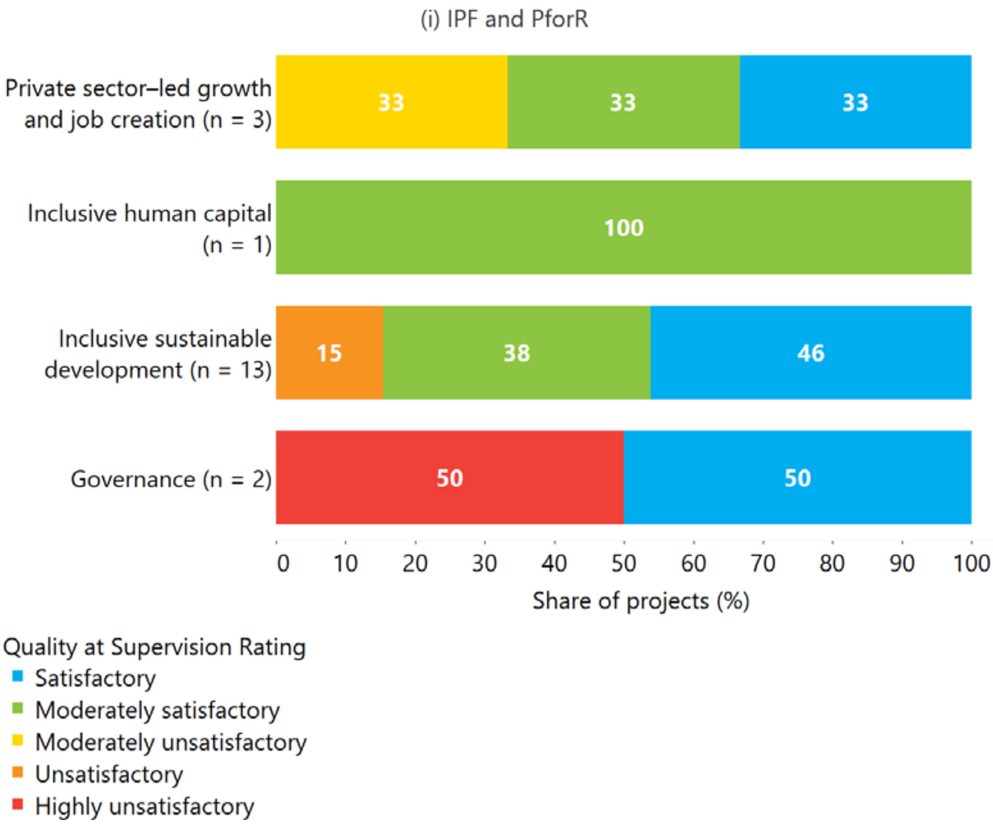
Source: Independent Evaluation Group.

Note: IPF = investment project financing; PforR = Program-for-Results.

Quality of Supervision

Considering IPF and PforR operations only, the World Bank performed well in terms of quality of supervision, with comparatively better results for inclusive human capital and inclusive sustainable development. Overall, 79 percent of projects (15 of 19 projects) had quality at supervision ratings of moderately satisfactory or above. For inclusive sustainable development, the analogous share was 85 percent, and for inclusive human capital, its only closed IPF was rated moderately satisfactory. Private sector–led growth and job creation had ratings of moderately satisfactory or above in two of its three IPF, whereas governance had one of its two closed IPF rated satisfactory and the other highly unsatisfactory (the only project with this rating). The high performing inclusive Human Capital Project focused on human capital use, whereas inclusive sustainable development was driven by sustainable water management and energy efficiency operations (eight projects—five from the Water Global Practice and three from the Energy and Extractives Global Practice). Conversely, supervision challenges were faced in private sector–led growth and job creation, inclusive sustainable development, and governance. These challenges were seen in World Bank support to productivity of value added in the agrifood sector (one project rated moderately unsatisfactory), sustainable water management (two projects rated unsatisfactory), and governance effectiveness (one project rated highly unsatisfactory; figure B.4).

Figure B.4. Quality of Supervision Ratings by Outcome Area



Source: Independent Evaluation Group.

Note: IPF = investment project financing; PforR = Program-for-Results.

Implementation Ratings

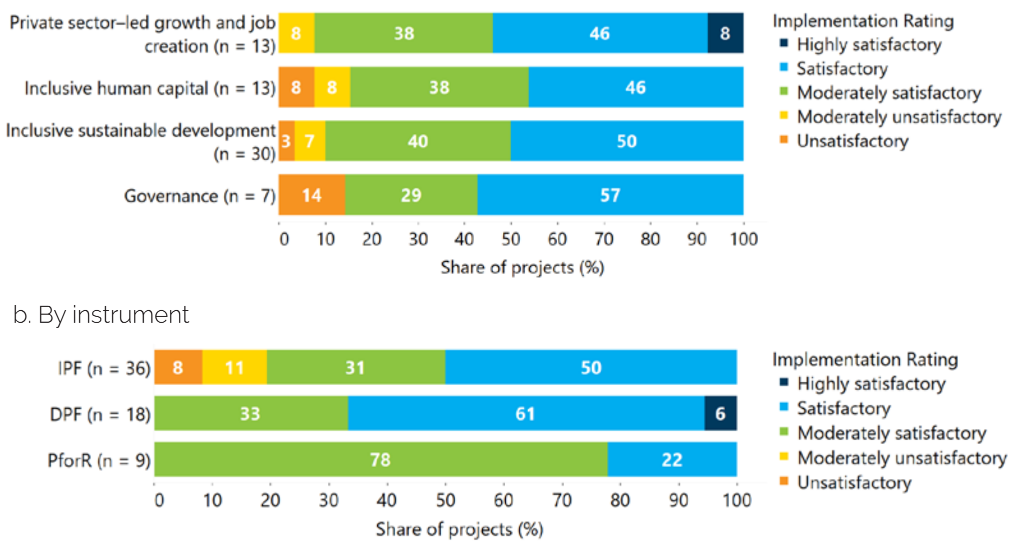
The World Bank has had good implementation performance with almost 90 percent of projects showing implementation ratings of moderately satisfactory or above. Further, about half of projects in any one pillar show recent ratings of satisfactory or above. Projects supporting MSMEs, climate adaptation, and governance effectiveness have shown the highest shares of projects with satisfactory or above ratings, at about 60 percent in each case. Conversely, implementation challenges have been seen across the board, including in inclusive human capital through two projects (one human capital formation project rated unsatisfactory and one human capital use project rated moderately unsatisfactory), one governance project rated unsatisfactory, three inclusive sustainable development projects (one project rated unsatisfactory and two projects rated moderately unsatisfactory), and one economic transformation project rated moderately unsatisfactory (figure B.5, panel a).

DPFs are the better-performing instruments in terms of implementation, followed by PforR and then IPF. All DPF and PforR had 100 percent implementation ratings of moderately satisfactory or above, but two-thirds of DPF had satisfactory or above ratings, compared with 22 percent for PforR. In contrast, IPF had only 81 percent ratings of moderately satisfactory or above (50 percent satisfactory ratings) and was the only instrument with implementation ratings of moderately unsatisfactory or below (7 of 36 projects; figure B.5, panel b).

Figure B.5. Implementation Status and Results Report Implementation Ratings

a. By outcome area

b. By instrument



Source: Independent Evaluation Group portfolio review and analysis based on data from Enterprise Data Catalog.

Note: In panels a and b, ratings are updated to the latest project Implementation Status and Results Report as of May 30, 2022. *N* = 63 projects with available implementation ratings. DPF = development policy financing; IPF = investment project financing; PforR = Program-for-Results.

Analysis of Program-for-Results Disbursement-Linked Indicators

IEG developed a simple methodology to classify Morocco PforR DLIs according to their pace of achievement, with the objective of understanding how World Bank teams have balanced predictability of disbursements with achievement of outcomes. The exercise was motivated by findings from interviews conducted by IEG with World Bank and government stakeholders, in which underambitious DLIs were mentioned frequently as a potential problem behind PforR progress toward development outcomes. The exercise also draws on the recommendation by IEG's 2016 evaluation, *Program-for-Results: An Early-Stage Assessment of the Process and Effects of a New Lending Instrument*, to "strengthen the design of the results framework and DLIs to ensure that the PAD [Project Appraisal Document] presents a clear line of sight to developmental results," and specifically that "the individual DLI targets need to strike the right balance between predictability of disbursement and achievement of results" (World Bank 2016, xvi).

DLIs were classified based on information from disbursement-linked results (DLRs) found in the most recent ISR of each of the projects as of May 30, 2022. Project Appraisal Documents and Project Papers were also reviewed for context.[1] The typology had three categories: (i) DLIs are being achieved well ahead of schedule, (ii) DLIs are lagging or not being achieved on time, and (iii) DLIs are being achieved within the planned time frame. The criterion used for classifying DLIs across these three labels was the pace of DLR achievement. DLRs are yearly targets of a DLI. Loan amounts are allocated to individual DLRs, and borrowers can submit withdrawal applications on these allocations once evidence of DLR achievement has been accepted by the World Bank.[2] The criteria consisted of comparing DLI progress against DLR targets and baselines. The criteria were applied to both quantitative and qualitative DLIs. In addition, any relevant information found in project documents that would indicate an adequate level of ambition of the DLI, or lack thereof, was used to support the assessment. Examples of DLIs classified under each of the three categories are shown in table B.2.

DLIs that were achieved well ahead of schedule or by a wide margin occurred in only one-third of PforR and toward the beginning and end of the evaluation period (when the World Bank started experimenting with PforR at the subnational level). The three PforRs with at least one DLI achieved well ahead of schedule are the National Initiative for Human Development 2 (P116201)—fiscal year (FY)12; the Morocco Green Generation PforR (P170419)—FY18; and the Municipal Performance Program (P168147)—FY20. Overall, underambitious DLIs seem to have counteracted implementation challenges to ensure disbursements. Tables B.3 and B.4 show the distribution of DLIs across classification categories by project and time, respectively.

- The National Initiative for Human Development 2 was the first PforR in Morocco and the first for the World Bank. It sought to improve access to and use of enhanced participatory local governance mechanisms, basic infrastructure, social services, and economic opportunities in the program area. Many of its DLI targets were realized in the first year of operation, suggesting that the original targets may have been too modest in terms of the level of ambition. The World Bank raised the question of whether DLI baselines and targets were correctly set with the National Coordination of the National Initiative for Human Development at the Mid-Term Review, recommending that the target values be increased. However, the government proved reluctant to accept this recommendation, considering that the results reflected good implementation (World Bank 2017a). The operation did, in fact, confront an exogenous implementation challenge in the form of a lengthy election season in 2015, which slowed implementation and postponed decisions on the recommendation of the Mid-Term Review to consider possible restructuring. These delays contributed to the target on one DLI being missed (pilot test of participatory monitoring and evaluation tools in two provinces; World Bank 2017a, 2019b). By project closure, disbursements finished at 89 percent of original commitments. Both the implementation and development outcome ratings of this project were moderately satisfactory.

- The Morocco Green Generation Program came six years later and sought to increase the economic inclusion of youth in rural areas and the marketing efficiency and environmental sustainability of agrifood value chains in the program area. DLI 7 set targets for the number of agrifood enterprises or organizations authorized by l'Office National de Sécurité Sanitaire des Produits Alimentaires for improved market access and improved food safety. According to the ISR of May 2, 2022, it was fully achieved: "The DLI 7 aiming at improving food safety with 1,000 [agrifood] enterprises authorized by [Office National de Sécurité Sanitaire des Produits Alimentaires] has been fully achieved, but still under verification" (World Bank 2022b, 1). The target, however, seems to have been set too low because it was achieved ahead of schedule by calendar year 2022 when intended for calendar year 2024, suggesting the DLI was underambitious. DLI 7, however, is the only underambitious one in the project, with four others achieved on time and another four experiencing delays. In fact, the program is confronting management capacity issues in the Project Management Unit: according to the project's ISR of May 2, 2022, the appointed Project Management Unit coordinator has limited experience in managing the program with external partners and is still on the learning curve. Notwithstanding implementation challenges, the program has kept with original disbursement targets, suggesting DLI 7 might have played a balancing role in this area (figure B.6). The project's progress toward development outcome rating is satisfactory, whereas implementation is moderately satisfactory.

Table B.2. Examples of Disbursement-Linked Indicators

Classification Category	Examples
1. DLIs are being achieved well before planned date	Project: P168147—Municipal Performance Program (FY20) PDO: To improve the institutional and service delivery performance of participating municipalities. DLI 3: Percentage of participating municipalities that have met the MMCs. Assessment: Early targets of DLI 3 were underambitious (DLR 3.1, DLR 3.2, and DLR 3.4). By March 2022, DLI 3 was on track to being successfully achieved but had clear underambitious targets early in the operation, even after accounting for a low baseline. It had the following targets on the percentage of participating municipalities meeting MMCs, for each year of the PforR, and starting from a baseline of 4%: DLR 3.1. CY19: 50% DLR 3.2. CY20: 60% DLR 3.3. CY21: 70% DLR 3.4. CY22: 80% DLR 3.5. CY23: 90% According to the ISR of March 21, 2022, DLI 3 surpassed early CY19 targets (DLR 3.1) by a wide margin: "According to the results of the 2019 [Performance Assessment (PA)], 83% of participating municipalities have met the MMC, for an initial target of 50% in 2019. This was verified by the [independent verification agent]. [Moreover, the preliminary] results of the 2020 PA [indicate that] 86% of participating municipalities have met the MMC, [pending independent verification]" (World Bank 2022c, 13), for initial CY20 and CY21 targets of 60% and 70%, respectively.

(continued)

Classification Category	Examples
2. DLIs are lagging or not being achieved by planned date	Project: P167619—Education Support Program (FY19) PDO: To establish an enabling environment for quality early childhood education service delivery, support improved teaching practices in primary and secondary education, and strengthen management capacity and accountability along the education service delivery chain in the program areas. DLI 5: A strategy for in-service teacher training and professional development is implemented. Assessment: Progress toward DLR 5.2 has been lower than expected, resulting in a delay of the disbursement. The four DLRs are as follows: DLR 5.1: The MOE has adopted the strategy for in-service teacher professional development (achieved by year 1, as planned). DLR 5.2: The MOE has adopted in-service teacher professional development plans created by each AREF; each AREF has adopted in-service teacher professional training plans created by each provincial directorate (not achieved by year 2, as originally planned). DLR 5.3: The MOE has established an information system for the reporting and monitoring of teacher's professional development (sought to be achieved by year 3). DLR 5.4: Some 30% of in-service teachers received coaching support in instructional practice and pedagogic content knowledge; 30% of in-service teachers benefited from face-to-face training in instructional practice and pedagogic content knowledge; 30% of in-service teachers used distance learning (sought to be achieved by year 5). According to the ISR of January 3, 2022: "The in-service teacher professional has been made available on [September 3], 2020. Progress regarding DLR 5.2 has been made, although at a lower pace than expected, resulting in a delay of the disbursement of the indicator: not all regional plans are ready and in place. The ministry is currently working closely with each AREF to have all plans ready and validated by the ministry, something [that] is likely to occur in the first half of 2022, before the Mid-Term Review" (World Bank 2022a, 10).

(continued)

Classification Category	Examples
3. DLIs are being achieved within the right time frame	Project: P158346—Strengthening Agrifood Value Chains (FY18) PDO: To increase the volume of added-value products commercialized in selected agrifood value chains in the program area. DLI 5: Number of small- and medium-size agrifood enterprises or both authorized by ONSSA. Assessment: DLI 5 was fully achieved within the expected time frame and subject to minimum thresholds for disbursements. DLR 1. CY18: 5,200 small- and medium-size agrifood enterprises or both authorized by ONSSA. DLR 2. CY19: 5,400 small- and medium-size agrifood enterprises or both authorized by ONSSA. DLR 3. CY20: 5,700 small- and medium-size agrifood enterprises or both authorized by ONSSA. DLR 4. CY21: 5,900 small- and medium-size agrifood enterprises or both authorized by ONSSA. DLR 5. CY22: 6,000 small- and medium-size agrifood enterprises or both authorized by ONSSA. DLI 5 consisted of small- or medium-size producers and enterprises authorized and integrated into ONSSA's official register (that is, complying with the food safety law), which is well aligned with the PMV's subprogram of improving food safety. DLI 5 required a minimum of 100 additional producers to start disbursements, from a baseline of 5,000 and a target of 6,000 over five years, and 50 additional producers for each subsequent borrower's withdrawal application request (World Bank 2017b). According to the ISR of January 20, 2022, DLI 5 was fully achieved by November 26, 2021, which is close to the final year of the operation, CY22 (World Bank 2022d).

Source: Independent Evaluation Group.

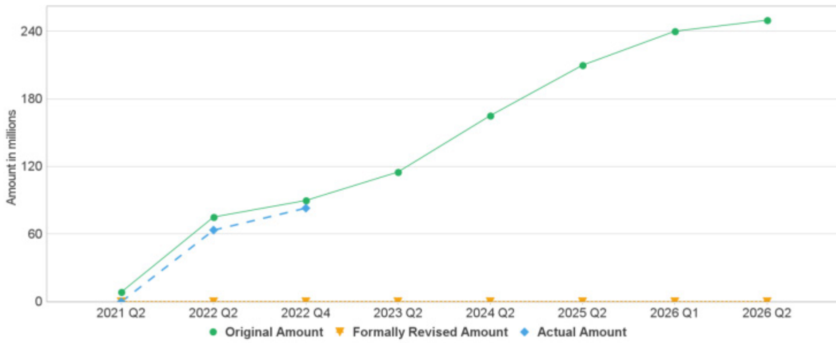
Note: AREF = Regional Education and Training Academy; CY = calendar year; DLI = disbursement-linked indicator; DLR = disbursement-linked result; FY = fiscal year; ISR = Implementation Status and Results Report; MMC = minimum mandatory condition; MOE = Ministry of Education; ONSSA = Office National de Sécurité Sanitaire des Produits Alimentaires; PDO = project development objective; PforR = Program-for-Results; PMV = Plan Maroc Vert.

» The Municipal Performance Program, approved in FY20, is the first to operate primarily at the subnational level. Financing is done in partnership with the Agence Française de Développement (French Development Agency) and targets 100 municipalities. There were two DLIs out of its total nine that were achieved ahead of schedule, with another five experiencing delays and only two meeting targets on time. The project sought to improve the institutional and service delivery performance of participating municipalities through, among other things, getting them to meet minimum mandatory conditions

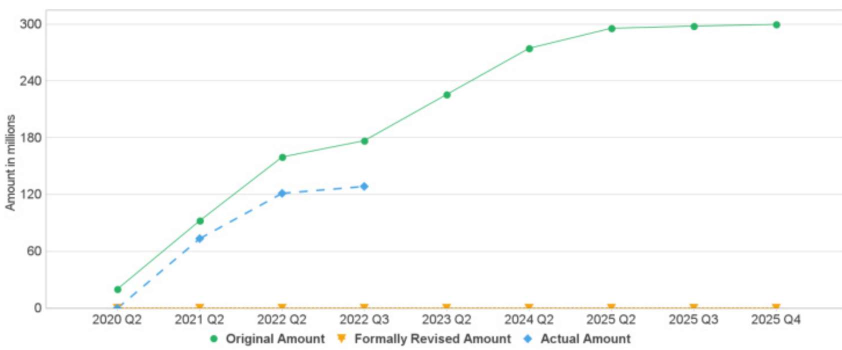
(DLI 3) and to benefit from capacity-building activities requested in their annual capacity-building plans (DLI 8). These two DLIs, however, were achieved too quickly. DLI 3 had 2019, 2020, and 2021 targets of 50, 60, and 70 percent of participating municipalities meeting minimum mandatory conditions, respectively; by 2019, 83 percent had met these conditions. Similarly, DLI 8 had 2020, 2021, and 2022 targets of 50, 60, and 70 percent of participating municipalities, respectively, having achieved at least 70 percent of their annual capacity-building plans; however, by 2022, 98 percent had achieved the target. Conversely, these output-oriented DLIs occurred in the context of difficult implementation conditions created by COVID-19 and municipal elections that took place in September 2021. In fact, five of the nine DLIs in the PforR had delays (World Bank 2021).[3] Even with DLIs 3 and 8 favoring disbursements, actual cumulative disbursed amounts were below their original expected amount, and implementation and progress to development outcome ratings were both kept at moderately satisfactory (figure B.6).

Figure B.6. Average Disbursement-Linked Indicator Rating during Evaluation Period

a. Morocco Green Generation Program



b. Municipal Performance Program



Sources: World Bank 2022b, 2022c.

Note: Q = quarter.

Table B.3. Disbursement-Linked Indicator Classification by Project

DLI Classification	National Initiative for Human Development 2	Integrated Disaster Risk Management and Resilience Program	Health Sector Support	Urban Transport Project	Casablanca Municipal Support Program	Strengthening Agrifood Value Chains	Education Support Program	Municipal Performance Program	Morocco Green Generation Program-for-Results	Total
DLIs are being achieved too quickly	4	0	0	0	0	0	0	2	1	7
DLIs are lagging or not being achieved on time	1	3	2	0	1	5	4	5	4	25
DLIs are being achieved within the right time frame	4	6	7	7	5	3	3	2	4	41
Total	9	9	9	7	6	8	7	9	9	73

Source: Independent Evaluation Group portfolio review and analysis.

Note: The table shows frequencies of DLIs in nine parent Programs-for-Results. *N* = 73 DLIs. DLI = disbursement-linked indicator.

Table B.4. Disbursement-Linked Indicator Classification by Approval (fiscal year)

DLI Classification	2012	2015	2016	2018	2019	2020	2021	Total
DLIs are being achieved too quickly	4	0	0	0	0	2	1	7
DLIs are lagging or not being achieved on time	1	2	3	6	4	5	4	25
DLIs are being achieved within the right time frame	4	7	13	8	3	2	4	41
Total	9	9	16	14	7	9	9	73

Source: Independent Evaluation Group portfolio review and analysis.

Note: The table shows frequencies of DLIs in nine parent Programs-for-Results. *N* = 73 DLIs. DLI = disbursement-linked indicator.

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World Bank. 2022c. “Morocco—Municipal Performance Program (P168147).” Implementation Status and Results Report ISR50438, World Bank, Washington, DC.

World Bank. 2022d. “Morocco—Strengthening Agri-Food Value Chains (P158346).” Implementation Status and Results Report ISR48118, World Bank, Washington, DC.

[1] Only one of the nine Programs-for-Results was closed and reviewed by the Independent Evaluation Group at the time of assessment; thus, only its Implementation Completion and Results Report and corresponding Implementation Completion and Results Report Review were reviewed in the exercise.

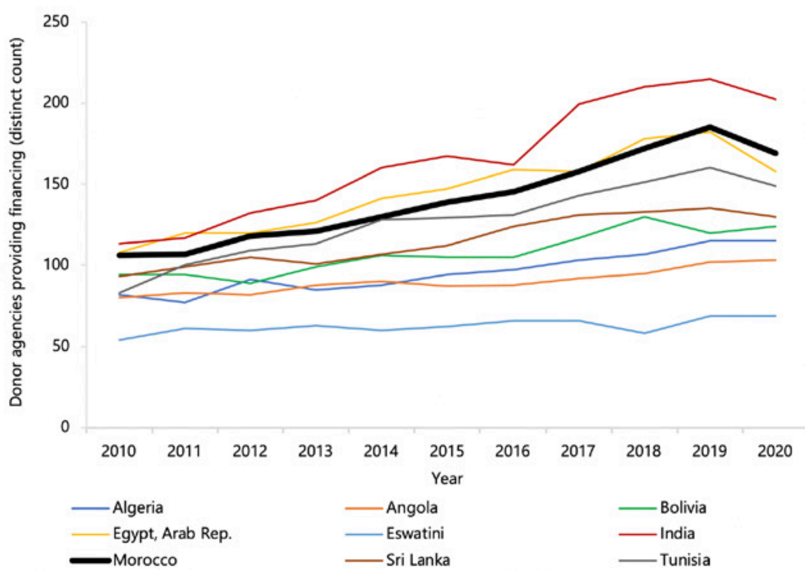
[2] The stated information on disbursement-linked results is drawn from letters from the World Bank to the borrower on additional instructions about disbursement and financial information (for example, see World Bank 2019a).

[3] According to the March 2022 Implementation Status and Results Report (World Bank 2022c), the institutional capacity for implementation and sustainability risk was kept to substantial due to persistent limitations in institutional capacity at both central and local levels. Conversely, COVID-19 produced delays in disbursements for other disbursement-linked indicators. For example, disbursement-linked indicator 2 is delayed due to COVID-19: "The 2019 and 2020 Performance Grants (PG) transfers have been delayed due to the COVID-19 crisis and subsequent economic impacts. A 144 million MAD [dirhams] has been transferred to municipalities and verified by [the independent verification agent]. It is also expected that a 960 MAD [dirhams] envelop will be transferred to municipalities for 2020 [Performance Assessment] by the end of April 2022 and verified before the end of the fiscal year" (World Bank 2022c, 13).

Appendix C. Partner Analysis

The World Bank Group's engagement in Morocco takes place in a crowded donor landscape. As shown in figure C.1, Morocco has a high level of engagement with development partners in its peer group of lower-middle-income countries with per capita gross domestic product between $3,700 and $1,700 in 2020 (Morocco was $3,059) that are the International Bank for Reconstruction and Development eligible. In this landscape, the Bank Group is the largest donor in Morocco (figure C.2). The International Bank for Reconstruction and Development and the International Finance Corporation together accounted for 21.25 percent of total donor commitments. However, other donors, such as the European Union institutions, France, the African Development Bank, and Germany also had significant shares of over 10 percent each, and the European Bank for Reconstruction and Development, the Arab Fund for Economic and Social Development, the Islamic Development Bank, the United Arab Emirates, Japan, and the United States were also smaller partners with a combined share of over 20 percent.

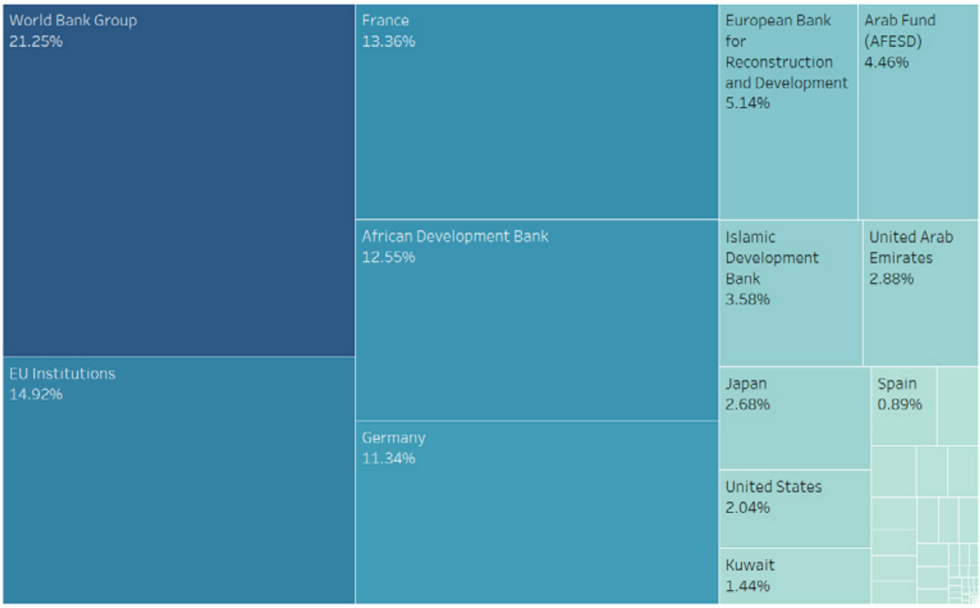
Figure C.1. Engagement of Development Partners in Morocco, 2010–20



Sources: Independent Evaluation Group;; Organisation for Economic Co-operation and Development 2022.

Note: Commitment figures for the World Bank Group are as reported in Organisation for Economic Co-operation and Development Creditor Reporting System for comparison.

Figure C.2. Distribution of Total Commitments during 2010–20 by Partner



Sources: Independent Evaluation Group; Organisation for Economic Co-operation and Development 2022.

Note: Commitment figures for the World Bank Group are as reported in Organisation for Economic Co-operation and Development Creditor Reporting System for comparability.

Interviews and Portfolio Reviews

Evidence from interviews with Bank Group staff, other development partners, and Morocco's authorities showed that partnerships among partners are rare in the country. The authorities prefer to deal bilaterally with partners and do not incentivize coordination and collaboration. The portfolio review conducted for this evaluation also highlighted the very small number of operations that were jointly financed with other development partners. There are several exceptions, such as the series of development policy financing to Morocco's Education Emergency Plan in 2012–13, which benefited from coordinated support from a large range of partners. More recently, the World Bank and the French Development Agency designed a joint Program-for-Results operation on Municipal Development. According to interviews, attempts at partner coordination were unfruitful for most of the evaluation period, until the creation of the Group of Main Partners with significant organizing from the World Bank. However, this mechanism is primarily used for information sharing rather than collective action.

According to interviews, Moroccan authorities also have a clear sense of various partners' comparative advantage depending on multiple factors, including the sector of activity, how a partner has built trusts and relationships, and the quality of its analytics and expertise. To a certain extent, the ability of a partner to lead in a particular sector is also a function of its perceived performance by the client. In addition, there were variations in the perceived willingness and ability of the World Bank to partner with others depending on its relative leadership position across outcome areas. To further test these hypotheses, the evaluation team used Organisation for Economic Co-operation and Development data to conduct a partner landscape analysis and identify working areas where the World Bank is and is not a lead agency.

Partner Landscape Analysis

Although Morocco has preferred partners for various working areas, the Bank Group has succeeded in being a "partner of choice" in many. To quantitatively categorize the role of the Bank Group in the different working areas, its ranking in terms of the total commitments in each can be considered along with the degree of concentration of financing. The latter is quantified using the Herfindahl-Hirschman Index for each working area. These calculations are presented in table C.1.

Table C.1. World Bank Group's Share in Different Working Areas along with Degree of Concentration

Working Area	World Bank Group Share (%)	World Bank Group's Rank in Financing Volume	HHI Value	HHI Class[a]
Transport and spatial development	12	4	1,546	0
Renewable energy	18	2	2,545	1
Water	17	1	1,093	0
Financial sector governance	31	1	2,313	0
Human capital formation	18	2	2,400	1
Human capital protection	40	1	2,284	0
Public sector governance	37	1	2,630	1
Energy (other)	8	5	1,362	0
Productivity and value added of agrifood sector	35	1	1,956	0
MSME development, business environment, and competitiveness	50	1	2,871	1
Sanitation	21	1	1,516	0
Labor force participation: women and youth	16	3	2,044	0
Inclusive sustainable development	12	4	2,122	0
Citizen engagement	7	7	1,236	0
Decentralized governance	76	1	5,975	1
Climate adaptation and disaster risk reduction	47	1	2,706	1
Judicial reform	6	4	3,699	1

Sources: Organisation for Economic Co-operation and Development 2022; Independent Evaluation Group.

Note: Commitment figures for the World Bank Group are as reported in Organisation for Economic Co-operation and Development Creditor Reporting System for comparability. Activities not mapped to any working area are excluded from the above calculations. Working areas are ordered by the total size of commitments by all partners. Average HHI value = 2,370. HHI = Herfindahl-Hirschman Index; MSME = micro, small, and medium enterprise.
a. 1 = above average concentration; 0 = below average concentration.

Four categories emerge for the Bank Group's role as illustrated in figure C.3:

1. Primary partner: The Bank Group had the highest share of financing, and the working area had a higher degree of concentration. This was the case in public sector governance; micro, small, and medium enterprises development; business environment and competitiveness; decentralized governance; and climate adaptation and disaster risk reduction. In these working areas, the Bank Group tended to use its leading financial position to drive the agenda, and other partners turned to the Bank Group for data and analytics, and to identify more niche interventions where they could contribute.

2. Lead partner: The Bank Group had the highest share of financing, but the working area had a lower degree of concentration, with several partners playing an important role. This was the case in water, financial sector governance, human capital protection, productivity and value added of the agrifood sector, and sanitation. In these sectors, there was a clearer "division of labor" among partners, with the Bank Group teams staying aware of others' activities, which was an attempt at working in complementarity, including through different geographical targeting.

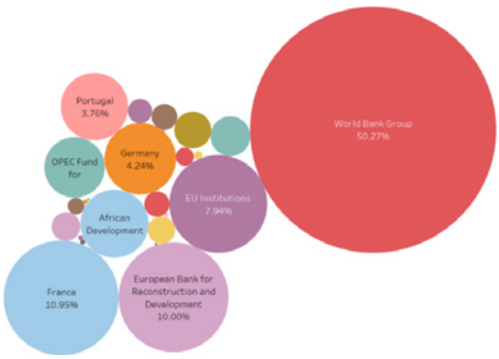
3. Secondary partner: The Bank Group had a second- or third-highest share of financing, and the working area had a lower degree of concentration. This was the case in renewable energy and human capital formation. In those sectors, the Bank Group sought to focus its intervention more precisely on specific issues, such as education governance, or specific types of solar production. The Bank Group also used analytical work and policy dialogue to inform policy decisions (such as in the education sector). However, there is no evidence that the Bank Group systematically consulted with partners that were in the lead on these agendas to tap into their knowledge or discussed strategies.

4. Tertiary actor: The Bank Group had lower than third-largest share of financing. This was the case in transport and spatial development, energy (other), inclusive sustainable development, citizen engagement, and judicial reform. In sectors where the World Bank's role was marginal compared with other partners, its relative absence was often noted by partners in interviews. For example, the very limited role played by the World Bank in promoting gender equality or citizen engagement was areas for which a partner thought

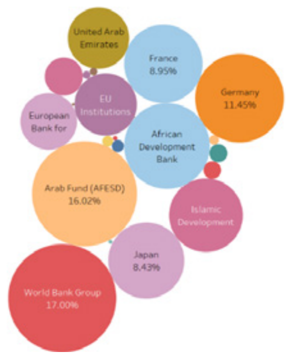
the World Bank could still try to mobilize its nonfinancial instruments (for example, convening or analytics), and its influence dividend accumulated by being the overall primary partner to help shape the agenda more.

Figure C.3. World Bank Group Role among Development Partners Landscape in Morocco

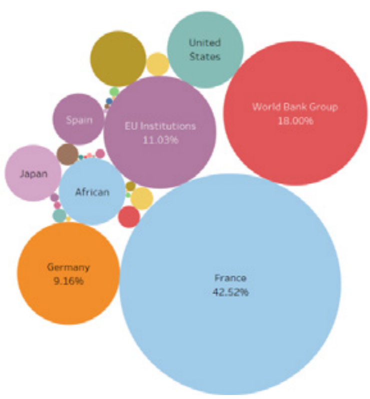
a. The World Bank Group as the primary partner: for example, MSME development, business environment, and competitiveness



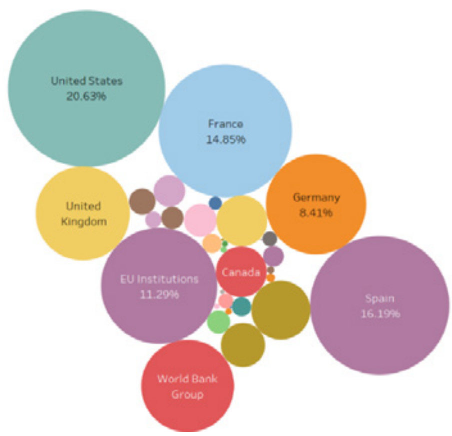
b. The World Bank Group as the lead partner: for example, water management



c. The World Bank Group as the secondary partner: for example, human capital formation



d. The World Bank Group as the tertiary partner: for example, citizen engagement



Sources: Independent Evaluation Group; Organisation for Economic Co-operation and Development 2022.

Note: Commitment figures for the World Bank Group are as reported in Organisation for Economic Co-operation and Development Creditor Reporting System for comparison. Activities not mapped to any working area are excluded from the above calculations. AFESD = Arab Fund for Economic and Social Development; EU = European Union; MSME = micro, small, and medium enterprise; OPEC = Organization of the Petroleum Exporting Countries.

Other partners took the lead in some working areas; for example, France took the lead in inclusive spatial development, human capital formation, and labor force participation of women and youth. Similarly, Germany took the lead in renewable energy, the European Union in energy (other) and judicial reform, the Islamic Development Bank in inclusive sustainable development, and the United States in citizen engagement. The World Bank occupied a secondary or even tertiary role in these cases.

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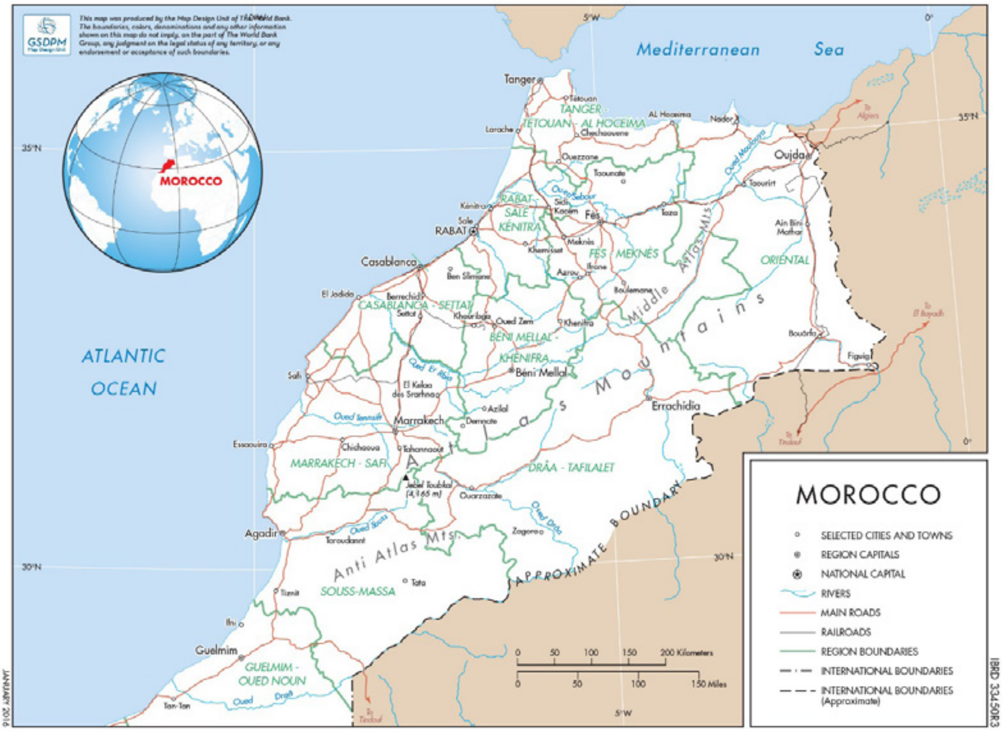
Appendix D. Regional Analysis

In its Country Partnership Framework, fiscal years 2019–24, the World Bank Group has committed to promoting inclusive territorial development. In preparation for the Country Partnership Framework, the country team conducted a portfolio footprint analysis because it was concerned that past projects focused too much on geographic areas where implementation would be easy rather than on areas where needs were high. This exercise led to a poverty targeting index that ranked the Country Partnership Framework priority in geographical areas at the provincial and communal levels. To assess whether the World Bank is delivering on its commitment to target funding where most needed, the evaluation team conducted a regional analysis. It focused on assessing whether the World Bank and other development partners' financial commitments during the period 2010–20 were focused on the regions with greater needs and whether there were changes over two periods: 2010–15 and 2016–20.

Methodology

The analysis was conducted at the regional level, which was the smallest level of disaggregation for which all needed data were available. It should be noted that in 2015, Morocco's provinces and prefectures were reorganized into 12 regions. Consequently, data from 2010–15 that can be accurately mapped to current regional boundaries are scarce. Furthermore, the following regions are excluded from the analysis due to the difficulties in reconciling boundaries across the different data sources used for the analysis: Guelmim-Oued Noun, Laâyoune-Sakia El Hamra, and Dakhla-Oued Ed-Dahab. Figure D.1 shows the location of each of the regions.

Figure D.1. Current Regions of Morocco



Source: World Bank Cartography Unit.

This analysis relies on (i) an estimation of the level of needs across the different regions and across different periods of time and (ii) an estimation of the commitments by the World Bank and development partners across the same spatial and temporal disaggregation. The level of need across regions in Morocco is proxied by disaggregating macro variables (such as gross domestic product per capita) and sector-specific variables to proxy the level of need in terms of access to basic services (education, health, and energy). The analysis includes the estimation of the total commitments from the World Bank and other development partners using publicly available data.

The analysis relied on building a customized data set (figure D.4) that is spatially disaggregated at the regional level and temporally disaggregated about the two subperiods described above. To the extent possible, official statistics from the government of Morocco and other reliable institutions were used. Additionally, and given the existing gaps in geographically disaggregated data, the analysis was accompanied by remote sensing data. All data sources used for the analysis are listed at the end of this appendix along with the processing steps needed to integrate and harmonize the multiple independent data sources included in the data set. Data were tabulated once they were processed and harmonized. To better observe existing patterns in the data, the nine regions of Morocco included in the analysis were grouped into three categories based on the level of needs (low need, medium need, and high need). This step also involved consultations with local experts to ensure that the grouping was reasonable. Table D.1 presents the final grouping of the regions and the decision rules used to arrive at the final grouping.

Commitment data limitation: The source for all commitment data is the International Aid Transparency Initiative. This data set includes commitment data for those projects that have geolocation information. Therefore, this data set might not include the complete universe of all the projects implemented in Morocco and might differ from figures available from other data sources. Additionally, and in connection to World Bank commitments, it should be observed that International Aid Transparency Initiative data exclude both development policy financing projects and projects from the International Finance Corporation, both of which tend to be sizable. The commitment amount for the World Bank, should be, thus, interpreted as geolocated commitments.

Table D.1. Grouping of Morocco's Regions Based on Level of Needs

Level of Needs	Corresponding Regions
Class 1: Low need	
A region with a low MPI or high GDP and which falls into the low-need category for at least three of the proxy measures (in total)	Tanger-Tétouan-Al Hoceima Rabat-Salé-Kénitra Casablanca-Settat
Class 2: Medium need	
A region that falls neither in the low- nor in the high-need category	Marrakech-Safi Fès-Meknès Souss-Massa
Class 3: High need	
A region with a high MPI or low GDP and which falls into the high-need category for at least three proxy indicators (in total)	Drâa-Tafilalet L'Oriental Béni Mellal-Khénifra

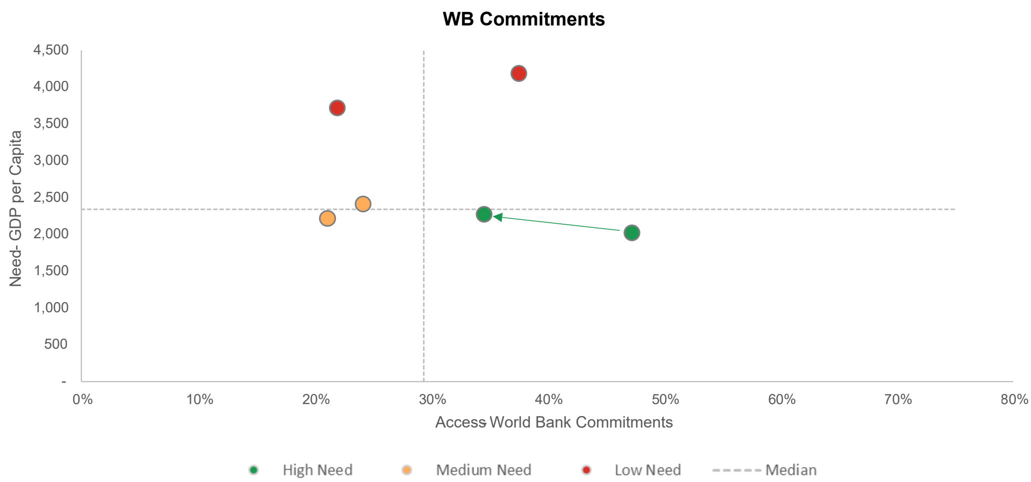
Source: Independent Evaluation Group.

Note: GDP = gross domestic product; MPI = Multidimensional Poverty Index.

Main Findings

Over the period 2010–20, the World Bank commitments were primarily allocated to higher-need regions (42.2 percent of commitments), 33.1 percent of the World Bank commitments were allocated to lower-need regions, and 24.8 percent to medium-need regions. Figure D.2 further disaggregates these data across the periods 2010–15 and 2016–20 and displays the evolution of the regional distribution of World Bank commitments across the two periods. The level of need is represented by gross domestic product per capita, but a similar conclusion can be reached when using other indicators as a proxy for the level of need (such as nighttime lights data).

Figure D.2. Evolution of World Bank Commitments, 2010–15 and 2016–20



Source: Independent Evaluation Group.

Note: GDP = gross domestic product.

The following can be observed from figure D.2:

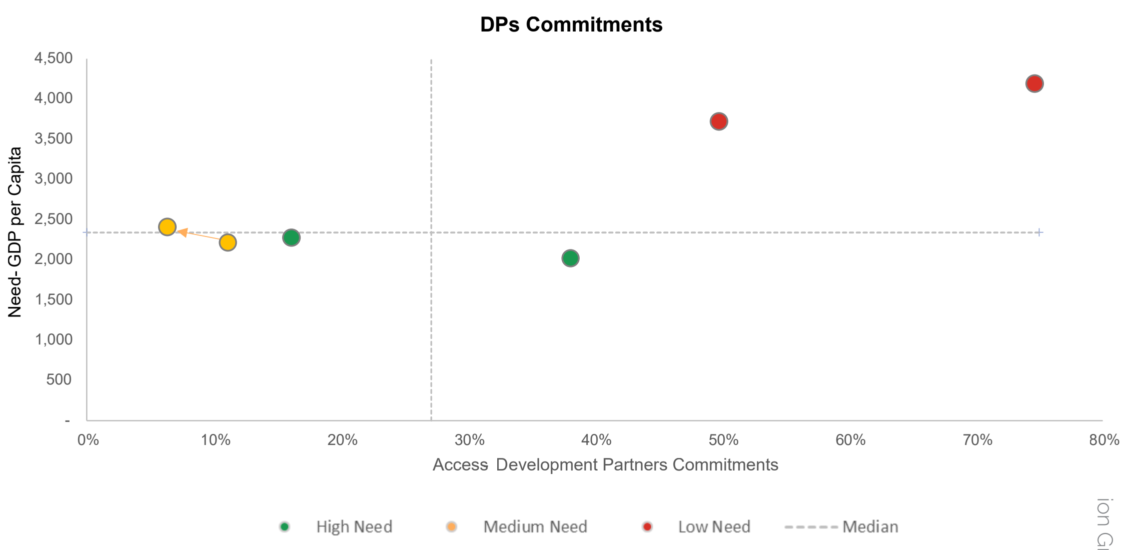
» The World Bank has reasonably focused its resources on high-need regions both during 2010–15 and during 2016–20. This level of commitment is above the median level of commitments from the World Bank during the overall 2010–20 period. Although still reasonably high, the level of commitments toward high-need regions decreased in the second period in comparison with the first period.

» Conversely, the percentage of commitments allocated to low-need regions increased during the 2016–20 period compared with the 2010–15 period. The highest level of commitments in 2016–20 was allocated to low-need regions.

» The allocation of resources toward medium-need regions increased slightly in 2016–20 compared with 2010–15.

We then compared the World Bank's regional allocation with other partners' commitment (figure D.3). On average, over the period 2010–20, commitments from the top 10 development partners (excluding the World Bank) flowed to lower-need regions (68 percent). The remaining resources were distributed as follows: 25.3 percent toward higher-need regions and 6.7 percent toward middle-need regions.

Figure D.3. Evolution of Top 10 Development Partners Commitments, 2010–15 and 2016–20



Source: Independent Evaluation Group.

When comparing the level of commitments across the two time periods, the following observations can be made:

» Commitments toward higher-need regions were relatively high (above the median) in 2010–15 but decreased (below the median) in 2016–20.

- During 2010–15 and 2016–20, commitments were mostly targeted toward lower-need regions. Furthermore, the level of commitments in these regions increased across the two time periods.
- Commitments in medium-need regions remained small (well below the median) across both time periods and decreased in 2016–20 compared with 2010–15.

Table D.2. Data Sources Used in the Regional Analysis

Variable	Description	Data Source	Spatial Resolution	Years of Data Used in Analysis	Data Processing
Population	Number of people per region	Government of Morocco (Annuaire Statistique du Maroc, Haut Commissariat au Plan)	Regional level	2014, 2018	—
GDP	GDP per region	Government of Morocco (Annuaire Statistique du Maroc, Haut Commissariat au Plan)	Regional level	2015, 2018	Figures were originally provided in Moroccan dirhams. Figures were converted to United States dollars using the average exchange rate for each year. Source for exchange rate: https://www.exchangerates.org.uk.
GDP per capita	GDP divided by population	Own calculation	Regional level	~2015, 2018	Own calculation based on population and GDP data at the regional level
Nighttime lights data/average radiance	V.2 annual composite of VIIRS nighttime lights data. This product is the result of processing nightly observations for each year and applying an initial filter to remove sunlit, moonlit, and cloudy pixels, followed by a subsequent filter to remove extraneous features (such as biomass burning and aurora). The result is a stable measure of brightness as seen from space.	Earth Observation Group	15 arc seconds (~500 m at the equator)	2016, 2020	Average of grid cells within provincial boundaries

(continued)

Variable	Description	Data Source	Spatial Resolution	Years of Data Used in Analysis	Data Processing
MPI	The global MPI is a measure of acute multidimensional poverty. It complements traditional monetary poverty measures by capturing the acute deprivations in health, education, and living standards that a person experiences simultaneously.	Oxford Poverty and Human Development Initiative	Regional level (except Casablanca-Settat where the data are not available)	2017, 2018	—
Hospital beds	Number of hospital beds per region	Government of Morocco (Annuaire Statistique du Maroc, Haut Commissariat au Plan)	Regional level	2019	Data were normalized to reflect number of hospital beds per 100,000 people.
Medical doctors	Number of doctors in private and public establishments	Government of Morocco (Annuaire Statistique du Maroc, Haut Commissariat au Plan)	Regional level	2019	Data were normalized to reflect total number of doctors per 100,000 people.
Students/teachers	Ratio of number of students per teacher for preschool, public primary, public secondary, and public upper secondary	Government of Morocco (Annuaire Statistique du Maroc, Haut Commissariat au Plan)	Regional level	2019	Ratio was calculated based on number of students and number of teachers at each educational level.

(continued)

Variable	Description	Data Source	Spatial Resolution	Years of Data Used in Analysis	Data Processing
World Bank and development partners projects' sites and commitments	Project geolocations with geographic and administration details for a location that are associated with a project	IATI	Point data (latitude and longitude)	2010–20	Raw data were preprocessed by evaluation team. Data for the top 10 development partners (plus the World Bank) in terms of total commitments during the period 2010–20 were used for the analyses unless otherwise indicated. World Bank data exclude DPF and IFC data.
Private participation in infrastructure	Private-public investments in infrastructure projects. Projects include management or lease contracts, concessions, greenfield projects, and divestitures.	World Bank private participation in Infrastructure database	Location information for each investment	2010–20	Data were aggregated at the regional level. One investment (Noor PV I Solar Trio) targeted both Drâa-Tafilalet and Laâyoune-Sakia El Hamra. For the purpose of the table above, the investment was allocated on 50–50% basis to each region.
Public sector budget	Main regional investment projects included in the national budget	Government of Morocco; Projet de Loi de Finances, Note sur la Repartition Regionale de L'investissement	Regional level	2016, 2020	Individual investment amounts were aggregated at the regional level.

(continued)

Variable	Description	Data Source	Spatial Resolution	Years of Data Used in Analysis	Data Processing
SOEs budget	Main regional investment projects by SOEs included in the national budget	Projet de Loi de Finances, Note sur la Repartition Regionale de L'investissement	Regional level	2016, 2020	Individual investment amounts were aggregated at the regional level.
Morocco shapefiles	Administrative boundaries	DIVA-GIS	Adm0 (country) and Adm1 (region)	—	—

Source: Independent Evaluation Group.

Note: DPF = development policy financing; GDP = gross domestic product; IATI = International Aid Transparency Initiative; IFC = International Finance Corporation; MPI = Multidimensional Poverty Index; — = not available; SOE = state-owned enterprise; VIIRS = Visible Infrared Imaging Radiometer Suite.

Figure D.4. Regional Performance across Multiple Indicators Used in the Analysis

	Indicators					
	GDP	**MPI**	**NTL**	**Hospital Beds/100,000 people**	**Doctors/100,000 people**	**Students/Teachers**
Less Need	**High** * Tanger - Tétouan - Al Hoceima * Rabat - Salé - Kénitra * Casablanca- Settat	**Low** * Rabat - Salé - Kénitra * Tanger - Tétouan - Al Hoceima * Fès - Meknès	**High** * Casablanca- Settat * Rabat - Salé - Kénitra * Tanger - Tétouan - Al Hoceima	**High** * Marrakech - Safi * Rabat - Salé - Kénitra * L'Oriental	**High** * Casablanca- Settat * Rabat - Salé - Kénitra * L'Oriental	**Low** * Souss - Massa * Drâa- Tafilalet * L'Oriental
Medium Need	**Medium** * Béni Mellal - Khénifra * Souss - Massa	**Medium** * Marrakech - Safi * Souss - Massa	**Medium** * Marrakech - Safi * Fès - Meknès * Béni Mellal - Khénifra	**Medium** * Fès - Meknès * Casablanca- Settat * Drâa- Tafilalet	**Medium** * Marrakech - Safi * Fès - Meknès * Tanger - Tétouan - Al Hoceima	**Medium** * Fès - Meknès * Tanger - Tétouan - Al Hoceima * Béni Mellal - Khénifra
More Need	**Low** * L'Oriental * Fès - Meknès * Marrakech - Safi * Drâa- Tafilalet	**High** * Drâa- Tafilalet * L'Oriental * Béni Mellal - Khénifra	**Low** * Souss - Massa * Drâa- Tafilalet * L'Oriental	**Low** * Souss - Massa * Tanger - Tétouan - Al Hoceima * Béni Mellal - Khénifra	**Low** * Souss - Massa * Drâa- Tafilalet * Béni Mellal - Khénifra	**High** * Marrakech - Safi * Casablanca- Settat * Rabat - Salé - Kénitra

(*) Casablanca is not included in MPI

Source: Independent Evaluation Group.

Note: The Casablanca-Settat region is not included in the MPI data. The regions highlighted with green or red font indicate those regions that meet the decision rules to be grouped as low-need region and high-need region, respectively. GDP = gross domestic product; MPI = Multidimensional Poverty Index; NTL = nighttime lights data.

Appendix E. World Bank Group Strategies

Table E.1. Evolution of World Bank Group Strategies

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Pillar 1: Growth, competitiveness, and employment	Result area 1: Promoting competitive and inclusive growth	Focus area 1: Promoting job creation by the private sector
Business environment: » Streamlined regulatory environment and a more equitable enforcement of rules, particularly for new entrants and SMEs. » More effective reform coordination and implementation in the business environment area.	Enhance the business environment with a more supportive institutional framework for business entry, trade facilitation, and SME development. » Improve access to finance, with a focus on low-income households; micro, small, and young firms; and youth and women. » Increase the productivity and value added of the agrifood sector. » Leverage the socioeconomic potential of integrated rural development and tourism. » Improve the reliability of electricity supply. » Better match skills developed through higher education or vocational training with the needs of the job market. » Improve access to and effectiveness of social protection programs, especially for youth.	• More efficient environment for business and competitiveness. • Increase opportunities for private sector growth with a focus on MSMEs and youth employability. • Increase access to finance.

(continued)

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Financial sector reform: » A restructured financial sector allowing sustainable expansion of access to finance by households. » Established credit infrastructure conducive to SME finance. » Better financial risks identification through the introduction of independent supervisors. » Improved liquidity of the benchmark yield curve to foster capital market development.	Result area 2: Building a green and resilient future	Focus area 2: Strengthening human capital

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Skills and employment: » Better matches among labor market needs and higher education and vocational education and training programs. » Monitoring and evaluation system of labor market policies and programs established. » Introduction of income protection mechanisms to improve labor mobility.	» Strengthen management of soil, coastal, and water resources. » Increase renewable energy generation and enhance energy efficiency. » Better integrate mechanisms to prevent and mitigate against natural disasters.	» Improve access to quality early childhood development services. » Improve the quality and effectiveness of education systems. » Improve the quality and efficiency of health delivery systems. » Strengthen social protection for poor and vulnerable people.
Pillar 2: Service delivery to citizens	Result area 3: Strengthening governance and institutions for improved service delivery to all citizens	Focus area 3: Promoting inclusive and resilient territorial development

(continued)

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Public sector management: » Multiannual budgetary planning integrated with the process of preparation of the Budget Law. » Key HR policies ready to be adopted. » The wage bill is in line with the government medium-term target of 10% of GDP. » e-Government is introduced to simplify PA procedures, including for service delivery.	» Support more open and inclusive governance ensuring effective rights for citizens to access information and to petition government. » Enable more transparent and accountable management of public resources through budget and procurement reforms. » Improve capacity to plan, manage, and assess the delivery of key services, especially at the local level. » Expand access to basic services.	» Improve performance of key infrastructure delivery services of cities and agglomerations. » Improve access to sustainable water resources. » Strengthen adaptation to climate change and resilience to natural disasters.

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Quality and access in education: » Increased net enrollment rates for primary and lower secondary education. » Reduced repetition rates for primary and lower secondary education. » Improved education quality with a focus on restructuring teachers' training and learning evaluation. » Improved management capacity and increased accountability of results within the context of decentralization.	Cross-cutting themes: » Gender. » Youth. » Voice and participation.	Governance and citizen engagement foundation:

(continued)

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Health sector reform: » Integrated management of noncommunicable disease prevention and treatment. » More comprehensive nutrition activities integrated in the provision of maternal and child health services. » Increased transparency and equity in budget allocation and improved capacity of regions. » Quality and affordable pharmaceuticals are accessible to the population in public health facilities.		» Improve the efficiency of public spending. » Improve transparency and develop the building blocks for effective citizen-state engagement.
Vulnerability and social exclusion: » Improved access to basic infrastructure, social services, and economic opportunities by poor and vulnerable groups, including women and youth. » Sustainable and improved quality of services to vulnerable groups. » Better coordination of national policies and institutional mechanisms to reduce vulnerability. » Consolidation of participatory approaches to ensure basic infrastructure and socioeconomic services with the needs of poor people.		Cross-cutting themes: » Gender: empowering women and girls for shared prosperity. » Harnessing digital economy for jobs and faster growth.

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Transport: » • Increased accessibility of rural population to all-weather roads. » • Sustainable maintenance of unclassified roads. » • Efficient planning and management of the urban transport sector. » • Financial support allocated to urban transport projects with high economic returns.		
Agricultural sector reform: » • Improved integration of smallholders into domestic markets. » • Improved irrigation water management. » • Improved public sector support and services to smallholders.		
FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Social protection reforms: » • A more coherent, equitable, and sustainable supply of social protection programs for poor and vulnerable groups. » • More efficient and effective social protection operational systems, including targeting and monitoring and evaluation. » • Expansion and diversification of social security coverage.		
Pillar 3: Sustainable development in a changing climate		

(continued)

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Water management: » • Reduced water losses and better control of groundwater abstraction. » • Increased urban sewerage and wastewater treatment coverage. » • Better knowledge of cross-cutting impacts on water resources. » • Increased access to and efficiency of WSS. » • Better coordination among ministries involved in the water sector.		
Low-carbon energy policy: » • Reduction of energy intensity and increased penetration of renewables to transition the energy system to a low-carbon path. » • Price reform implementation to reduce the budget burden of price subsidies and ensure the financial viability of energy operators. » • Establishment of institutions and financial mechanisms to successfully implement energy sector reform. » • Development of a local manufacturing capability for renewable technologies and energy-efficient equipment.		

(continued)

FY10–13 CPS	FY14–17 CPS	FY19–24 CPF
Cross-cutting themes: » Experimenting with a new comprehensive approach to social safety nets. » Deepening the focus on governance issues. » Improving local government autonomy. » Continuing support for public administration reform.		

Source: Independent Evaluation Group.

Note: CPF = Country Partnership Framework; CPS = Country Partnership Strategy; GDP = gross domestic product; HR = human resources; MSME = micro, small, and medium enterprise; PA = Performance Assessment; SME = small and medium enterprise; WSS = water supply and sanitation.

Table E.2. Lessons from Country Strategies Program and Completion Reviews (Performance and Learning Reviews and Completion and Learning Reviews)

Lessons	2005–09 CAS	2010–13 CPS	2014–17 CPS	2019–24 CPF
Adaptation and strategic shift	The World Bank Group struck a good balance between flexibility in adapting the scope of the program and the instrument choice to respond quickly to the government's demand while ensuring continuity of programming in the four pillar areas.	By PLR stage: In 2012, midterm adjustments were made to bring new emphasis to the themes of inclusion, governance, accountability, and voice in response to the Arab Spring events and constitutional change. There is also a shift toward multisector operations to better respond to Morocco's challenges of fragmentation and narrow sector approach.	New emphasis on governance and service delivery with a focus on more efficient, transparent, inclusive governance arrangements at all levels of government and in SOE and corporate governance. IFC's new emphasis on job creation and empowerment of women and youth entrepreneurs. By PLR stage (2016): To reflect the MENA strategy emphasis on the social contract and the CEM's emphasis on intangible capital, the CPS will focus on (i) the jobs agenda, (ii) lagging regions, (iii) governance and decentralization, and (iv) operationalization of gender reports.	Compared with previous CPFs, the new CPF focuses more on private sector–led job creation, human capital transformation, and digital economy.

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Lessons	2005–09 CAS	2010–13 CPS	2014–17 CPS	2019–24 CPF
Selectivity	The identification of the World Bank as a key partner for reform implementation has led to requests for engagement in multiple sectors and for increased financial support. The on-demand approach to ASA facilitated responsiveness to key areas of emerging dialogue but came at the cost of selectivity and resulted in fragmentation.	The World Bank was involved in many sectors in support of the reform program, meaning the exercise of selectivity over the course of the CPS was reflected less in the choice of sector in which the World Bank engaged than in its choice of instrument (that is, DPLs, which the World Bank used behind existing government initiatives in support of reform).	By PLR stage (2016): There was a significant growth in the number of projects (40% increase) and financing volume (60% increase), but disbursement ratio declined, implementation deteriorated, and unsatisfactory projects rose to over one-third for grant-financed operations. A portfolio deep dive exercise led to recommendations on better joint management of the portfolio. Areas paused or dropped by PLR to make more room for strategic changes included the following: (i) new support to water sector withheld until performance increased, (ii) support to justice sector canceled, and (iii) tourism diversification dropped and anticipated ICT investment (instead focusing on reforms). To improve selectivity: A number of filters were put in place. These included governance to ensure that operations take political economy into account at design and implementation; readiness filter to avoid implementation issues (results frameworks, implementation arrangements, proactive management of safeguards); and grant-financed operations further scrutinized given implementation failures.	To make space for the emphasis on jobs and human capital, the CPF will focus less on analytics that are not within the three strategic areas of focus.

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Lessons	2005–09 CAS	2010–13 CPS	2014–17 CPS	2019–24 CPF
Financing instruments	The choice of lending instrument evolved, with increased demand for DPL reflecting both the policy nature of the reform program and the government's financing preferences. The DPL became more important based mainly on the government's expressed preference for this type of support. When the Ministry of Finance was simultaneously the champion of reforms, and in charge of implementation, and direct beneficiary of DPL funds, the instrument led to significant progress in implementation. DPLs involving multiple ministries did not work well because of lack of coordination and incentive incompatibility.	Given the political upheaval in the region at the time, the extensive use of budget support was probably merited. The CPSCR also notes the effectiveness of single-sector DPLs in progressing first-generation reforms. However, supporting more ambitious second-generation reforms with cross-sectoral dimensions is needed, and more support to implementation requires a more balanced portfolio of instruments (relying less on DPLs). The positive experience with the first PforR together with the government's interest in managing for results, the Bank Group will use PforR to achieve a more balanced, results-focused program in conjunction with continued DPL and sporadic investment lending where appropriate. With investment lending, many operations faced issues with implementation readiness, especially with grant-financed operations leading to issues with procurement and disbursement.	A greater focus on results and implementation will require a more balanced mix of instruments. DPLs, which accounted for 60% of total lending during the last CPS, are expected to play an important role in lending. However, given the government's shift toward a more results-centered program and the emphasis placed on supporting reform implementation and institutional capacity building, the share of PforR and IPF is meant to increase. In particular, the scale-up of PforR is planned given its successful introduction with INDH and its appreciation for its focus on tangible results, the capacity building it offers, its flexible disbursement arrangements, and its use of country systems. By PLR stage: The diversification of instruments has led to challenges. For example, PforR preparation was challenging on both sides, and there was a lack of budgetary incentives for results. Program preparation started to include more systematic and earlier involvement of all key stakeholders, which helped.	The CPS period saw notable changes in Moroccan legislation and regulations, which helped put in place the necessary framework for fundamental institutional changes (for example, the Organic Budget Law introduced performance-based budgeting), but effective implementation of the changes will require focused attention. The DPLs proved highly effective at generating consensus about the reforms and adoption of the necessary texts and will remain useful. Greater use of PforR operations is one means of shifting the focus to outcomes.

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Lessons	2005–09 CAS	2010–13 CPS	2014–17 CPS	2019–24 CPF
Role of analytical work	The government had a good understanding of Bank Group comparative advantage and regularly confirmed where and how it wanted the Bank Group to play a role. The nature of engagement moved from analysis to policy dialogue and advocacy to action. This was a successful and appreciated approach.	The CPS placed high priority on ASA and emphasized its role as knowledge partner of Morocco.	ASA were too fragmented and unstructured; there will be more selectivity under the strategic objectives of the CPF.	ASA remain one of the most appreciated interventions by the client including through South-South exchanges that have proven highly effective.
Partnership and partner coordination	In the rare instances where there was proper partner coordination in relation to reform, the coordination helped reduce supervisory burden and make more progress. However, this was the exception rather than the rule, and the Bank Group should ensure harmonization with others going forward.	The CPS supported the EU advanced status agreement, with joint involvement in five key sectors and with a preference for joint budget support (use of DPL is increasing), along with progress on using country systems. Coordination among partners was strengthened using sector strategies and organization of budget support in relation to these strategies.	Coordination in relation to budget support operations remains the main way that the Bank Group partners with other development partners. The Bank Group also aims to enhance synergies on specific agendas with other partners (for example, with EU on governance and health; with AFD on employment). The World Bank also seeks to step up its engagement in areas where others withdraw (for example, AFD in health).	No clear progress on partner coordination planned in latest CPF, acknowledging that coordination on budget support is ongoing.

Source: Independent Evaluation Group based on CLR, CLRV, and PLR.

Note: AFD = Agence Française de Développement; ASA = advisory services and analytics; CAS = Country Assistance Strategy; CEM = Country Economic Memorandum; CLR = Completion and Learning Review; CLRV = Completion and Learning Review Validation (formerly CLR Review); CPF = Country Partnership Framework; CPS = Country Partnership Strategy; CPSCR = Country Partnership Strategy Completion Report; DPL = development policy loan; EU = European Union; ICT = information and communication technology; IFC = International Finance Corporation; INDH = National Initiative for Human Development; IPF = investment project financing; MENA = Middle East and North Africa; PforR = Program-for-Results; PLR = Performance and Learning Review; SOE = state-owned enterprise.

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