Approach Paper

World Bank Group Engagement with Morocco 2011–21

December 13, 2021

Overview

- This Country Program Evaluation aims to assess the World Bank Group's contribution to Morocco's development trajectory over the past decade (fiscal years 2011–21) and is timed to inform the next Country Partnership Framework and future Bank Group engagements in the country.
- The Country Program Evaluation will use a range of methods to assess how the Bank Group has supported Morocco's efforts to tackle major constraints to achieving its objective of reaching upper-middle-income-country status. The evaluation will focus on three outcome areas: (i) fostering private sector–led growth that absorbs a growing labor force; (ii) strengthening inclusive human capital formation and addressing the obstacles to women and youth labor force participation; and (iii) reducing climate risks and natural resource depletion and addressing their combined effects on the most vulnerable people, especially in rural areas.

1. Morocco's Development Trajectory

1.1 Morocco has achieved undeniable progress since the early 2000s. The country's robust economic growth performance over the 2000s led to a sharp drop in the national poverty rate—most notably in rural areas, where it declined to 9.5 percent from 25.1 percent between 2001 and 2015. Morocco started a process of rapid economic convergence with Southern European countries until the global financial crisis, which resulted in slower economic convergence and revealed the need for additional structural reform (Chauffour 2018). Morocco also benefits from three positive structural trends that create a unique window of opportunity to boost development: a rapid demographic transition manifested in an increase in its working-age population, rapid urbanization, and rising school enrollment (CSMD 2021; World Bank 2018).

1.2 Sound macroeconomic management has been broadly supportive of these gains. Inflation has been kept moderate, and macroeconomic vulnerabilities were reduced through reforms implemented over the past decade. Morocco's expansionary fiscal policy had in the past prioritized public investment and social programs, including through public sector wages and a large-scale subsidy program (which in 2012 absorbed 6.6 percent of gross domestic product [GDP]). Morocco began a systematic process of subsidy reform in 2012, and by 2021 nearly all subsidies had been removed[1] and reforms to broaden the tax base were initiated. At the same time, fiscal consolidation efforts have slowed over the decade, resulting in a considerable increase in government debt (from 49 percent of GDP in 2010 to 66 percent by 2019).

1.3 Morocco's aspiration to reach upper-middle-income status has driven major public investments. Morocco has one of the highest investment rates in the world (averaging 34 percent of GDP annually since 2010). The public sector, through state-owned enterprises, accounts for half of all investment in the country (IFC 2019). The country has undertaken major infrastructure projects (for example, the Tangier-Med port and the high-speed train between Casablanca and Tangier) and implemented a series of ambitious sectoral strategies, most notably its Plan Maroc Vert, an overarching agriculture policy reform that aimed to significantly accelerate agricultural productivity. Morocco has attracted foreign direct investment to key industries, with major industrial champions emerging in phosphate mining, agribusiness, automotives, and aeronautics. Although net foreign direct investment–GDP has doubled since 2010 (from about 1.3 percent of GDP in 2010 to 3.0 percent of GDP in 2018), domestic private investment has been on a downward trend since 2008 (World Bank 2018, 55).

1.4 The country has made significant progress in the social sphere and moved toward greater decentralization and citizen engagement as part of the 2011 constitutional reforms. Significant public investment in the education system has led to universal access to primary education and increased enrollment in secondary education, vocational training, and higher education, which has primarily benefited students living in rural areas, children with special needs, and girls. Gender parity in education reached 94 percent in primary school and 87 percent in secondary school (World Bank 2018, 8). The major constitutional reform of 2011 that followed intense civil protests led to accelerated decentralization and deconcentration of resources and powers to Morocco's territories. The reforms also granted citizens the right to information and public consultation and to petition the government and parliament. Since then, the government has launched several initiatives to strengthen voice and public participation. However, according to recent public opinion surveys, a majority of Moroccans express concern with the prevalence of corruption in state institutions—one of the main reasons for the 2011 protests (Arab Barometer 2017; 2019; 2021).

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[1] A few subsidies remain, including on liquified petroleum gas, flour, sugar, and water, that are primarily consumed by low-income groups (Vidican Auktor and Loewe 2021).

Key “Knots” to Morocco’s Development

1.5 Despite significant efforts and achievements, a consensus is emerging among government officials, development partners, and policy experts that Morocco’s development model is not sustainable. Morocco’s reliance on high public investment, government spending, and internal demand is deemed unsustainable and has not translated into high growth or job creation. With this realization, in 2019 the king charged a special commission with determining the root causes of slower growth and development over the past decade and identifying solutions. The commission carried out a two-year nationwide consultation and presented a candid diagnostic in May 2021. The report identifies four systemic “knots” as the root cause of slow progress: (i) a locked economy that favors established firms, creates nonproductive rent-seeking behaviors, and discourages new entrants; (ii) a lack of convergence across reforms that reduced their impact; (iii) weak technical capacity within the administration to design and implement reforms; (iv) a lack of clarity of laws and regulations and their perceived arbitrary implementation and mistrust in the justice system that stifle citizens’ and firms’ initiatives. Deeply rooted governance and political economy constraints are at the core of these knots. The commission stated: “taken together, lasting and getting worse over the past decade, these knots have contributed to increasing discrepancies between public policy promises and the daily experience of citizens and have fueled defiance in the country’s institutions” (CSMD 2021, 34).

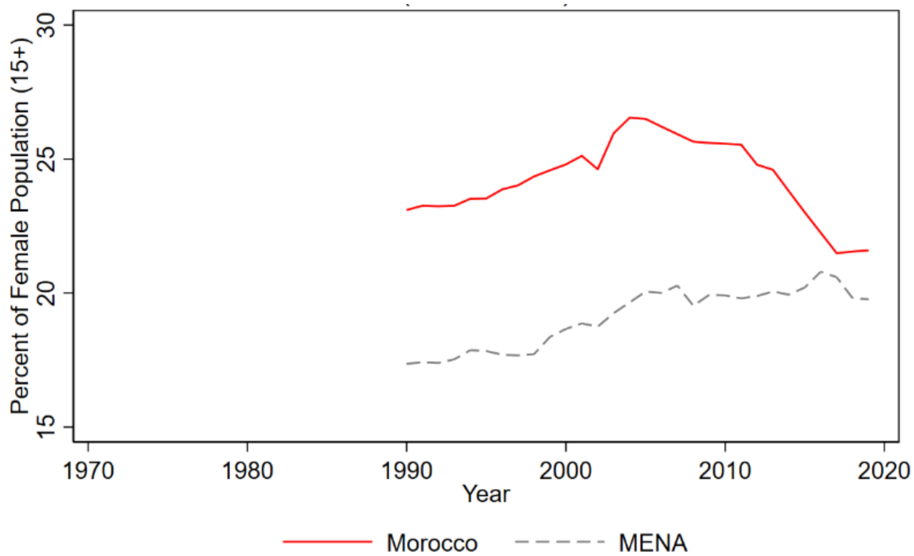
1.6 Major reforms and public investments over the past decade have failed to sufficiently stimulate productivity growth. Morocco’s economic growth, averaging 3.4 percent per year between 2010 and 2019, fell far short of the targeted rate of between 6 and 7 percent needed to absorb the rapidly growing labor force (World Bank 2014, 7). Job growth has remained weak (averaging 0.3 percent a year), and unemployment has risen. Coronavirus (COVID-19) is expected to have a heavy impact on growth, with GDP estimated to have contracted by 7.1 percent in 2020 (World Bank 2021b, 4). Underpinning the growth shortfall is low total factor productivity growth, which averaged only 0.5 percent a year between 2010 and 2019. Although Morocco experienced a considerable shift out of agriculture over the 2010s (with the share of workers in agriculture declining from 41 percent to 33 percent), this structural transformation has not led to the emergence of a strong domestic manufacturing sector and has been insufficient to raise productivity growth, which has slowed down over the decade across all the major economic sectors.

1.7 Morocco’s private sector continues to underperform and does not create enough jobs to absorb a growing labor force due to an unlevel playing field. Between 2001 and 2019, only 112,000 additional jobs were created annually, for a working-age population that grew by 374,000 people per year, on average (Lopez-Acevedo et al. 2021b). The

Systematic Country Diagnostic identified the lack of an inclusive market as the crucial barrier to Morocco's private sector development. Morocco's economy relies on a few sectors (agriculture, tourism, and phosphates). Despite a host of reforms to ease the costs of doing business, the playing field remains unlevel and does not inspire investor confidence (World Bank 2019b). The economy is driven by established and politically well-connected firms investing primarily in nontradable sectors. Moroccan markets are also very concentrated, dominated by state-owned enterprises and monopolies in sectors where there is typically competition. Benefiting from generous incentives and public resources, foreign direct investments in aeronautics, automotives, and renewables have moved to free-economic zones. Yet, these large foreign investment inflows have had a muted impact on economic growth, productivity, and job creation. Moroccan small and medium enterprises are not well integrated into the newly established export-oriented industrial clusters and international value chains.

1.8 The country underuses its human capital, especially women and youth. Despite favorable demographics, few working-age people engage in the workforce. Only 17 percent of the population have a formal job and only 10 percent have a private sector job (IFC 2019). A striking characteristic of Morocco's labor market is the major decline in women's labor force participation in the past 20 years (from an already low participation rate of 30.4 percent in 1999 to 21.6 percent in 2019), as illustrated in figure 1.1. Four of five women in Morocco are neither employed nor looking for a job, despite increases in income per capita, lower fertility rates, and better access to education. This trend is, in part, explained by internal migration, with women moving out of rural areas where they used to work to cities where they tend to be inactive. Other factors include household responsibilities, the stigma associated with women's work, low access to public childcare, and inheritance rights that hinder women's capacity to own property (Lopez-Acevedo et al. 2021a). Young people, especially young university graduates, are largely excluded from employment opportunities. Only about half of Moroccan youth (between the ages of 25 and 35 years) have a job. Most are employed in low-quality, informal, poorly paid, and insecure jobs. The unemployment rate is 20 percent for young people and 24.6 percent for young graduates; these numbers hide the fact that most low-skilled or dropout youth do not seek employment (World Bank 2019a, 13).

Figure 1.1. Female Labor Force Participation in Morocco



Source: International Labour Organization, ILOSTAT database, 2020.
Note: Share of female labor force ages 15 and older that is economically active. Labor force is defined as all people who supply labor for the production of goods and services. Data are a weighted average. International Labour Organization estimates are harmonized to ensure comparability across countries and over time by accounting for differences in data source, scope of coverage, methodology, and other country-specific factors. The estimates are based mainly on nationally representative labor force surveys, with other sources (population censuses and nationally reported estimates) used only when no survey data are available. Data retrieved June 15, 2021. MENA = Middle East and North Africa.

1.9 The country's low human capital use reflects, in part, failures in human capital formation. Despite drastic improvement in enrollments in primary and secondary education, the country's human capital remains unfit for today's labor force. Learning outcomes remain low: in 2019, 66 percent of 10-year-old children in Morocco were not able to read and comprehend a simple text, a score 10 percentage points below the lower-middle-income country average.[2] COVID-19 is likely exacerbating learning losses and existing large inequalities in education outcomes.

1.10 Morocco continues to face significant social and economic inequality—concerns that were at the heart of the 2011 protests. Although poverty has declined more rapidly in the poorest regions of the country, it remains highly concentrated in a few regions and is primarily a rural phenomenon. According to the latest poverty data, dating back to 2013, rural areas account for 40 percent of the population but for 80 percent of the poverty gap, which measures the depth of poverty. The divergence between subjective poverty (households considering themselves poor) and the monetary aspects of poverty is also stark. In 2013, the incidence of poverty in rural areas was 9.4 percent, but more

[2] World Bank, Human Capital Index (HCI)—Morocco (accessed September 3, 2021), https://data.worldbank.org/indicator/HD.HCI.OVRL?locations=MA.

than half of the population in rural areas considered themselves poor (World Bank 2017). A rural-urban divide also persists in access to services despite improvements over the evaluation period, which continues to fuel mistrust in public institution among people living in lagging regions. For instance, about one-quarter of rural households do not have access to basic drinking water or sanitation nor direct access to a road and live at least 10 kilometers from basic health services (World Bank 2018, 16).

1.11 Morocco's vulnerability to climate change is disproportionately affecting rural populations and exacerbating social and territorial inequalities. Climate change is increasing droughts as more of Morocco's landmass becomes semiarid and arid (especially in southern regions), and there has been increased flooding (especially on the coastal northern regions). Drought and the loss of arable land is hitting rural populations hardest, impacting predominantly rainfed agricultural production and triggering mass movements of Moroccans leaving southern rural arid zones for northern coastal zones. Women are disproportionately affected, given that over half of the total female labor force is engaged in agricultural activities. Rising sea levels and increased flooding on the coast are exposing highly concentrated industrial zones, major port infrastructure, and the financial sector. The cost of environmental degradation is high, averaging 3.5 percent of GDP in 2014 (Croitoru and Sarraf 2018). To mitigate the effect of climate change, the country has invested significantly in improving access to water resource management and sanitation. Morocco updated its National Determined Contribution in June 2021, aiming at a 45.5 percent reduction of its greenhouse gas emissions by 2030; 18.3 percent of this target is unconditional. To achieve this target, the country has sought to increase the share of renewable energy, liberalize the renewable electricity market, and increase energy efficiency.

2. World Bank Group Engagement

2.1 Bank Group engagement since 2011 has been characterized by a high level of continuity of objectives pursued while innovating in the instrument mix. Throughout the period, the Bank Group has supported Morocco in three areas—private sector–led growth, human capital, and inclusive and sustainable development—while addressing governance constraints across these areas throughout the period. As shown in figure 2.1, the 2018 Systematic Country Diagnostic and International Finance Corporation (IFC) Country Private Sector Diagnostic did not mark a significant inflection point for the Bank Group's engagement but called for an increased focus on fostering inclusion and levelling the playing field in all domains of activity. The Bank Group pursued its objectives both through direct pathways (such as the outputs and services delivered by its investment projects) and increasingly through indirect pathways (such as institutional development, support to policy reforms, and capacity building). The instrument mix used also evolved, with a notable increase in the share of Program-for-

Results and development policy loan (DPL) commitments and the introduction of IFC Upstream work (appendix C). Finally, the latest Country Partnership Framework (CPF) commits to systematically applying governance and political economy filters to better identify and address related constraints in operations (World Bank 2019a, 39).

2.2 The Bank Group's promotion of private sector–led growth focused on improving the business environment and supporting entrepreneurship. As shown in the upper blue part of figure 2.1, the Bank Group continuously worked on improving market conditions and financial access for private sector actors, especially micro, small, and medium enterprises with 29 dedicated projects throughout the period. At the start of the period, the Bank Group used its DPL prior actions to support reforms in the capital markets, for example with the creation of a new market authority, institutionalization of microfinance, and simplification of administrative procedures. IFC also ramped up its support to micro, small, and medium enterprises by investing in financial intermediaries and funds and using advisory services to improve investment climate. In 2019, the Country Private Sector Diagnostic emphasized the need to level the playing field by enhancing market contestability and competition to enable the emergence of a broad-based private sector that could create much-needed jobs. This includes tackling the bias toward large investors and foreign direct investment in industrial zones and their limited spillovers into the local economy (IFC 2019). The most recent DPLs thus focus on the issue of inclusion—with prior actions seeking to address gender gaps in access to finance of female-owned enterprises, small farmers, and small businesses in rural areas—and facilitating the digital economy.

2.3 The Bank Group also focused on improving the governance, effectiveness, and inclusiveness of social sectors to bolster human capital formation. Bank Group support to human capital was also continuous throughout the period, as shown in the red middle part of figure 2.1. Building on increased school enrollments stemming from major education access reforms in the 2000s, the 2010 Country Partnership Strategy shifted focus to education sector reform, with the objective of increasing education quality, graduation rates, and linkages to the labor market. The two subsequent strategies expanded support to other social services, notably in the health sector, and helped the country embark on major social protection reforms by replacing a system primarily based on energy subsidies to an integrated social safety net that relies on a national social registry. The latest CPF expanded Bank Group support to other aspects of human capital formation, notably improving access and quality of early-childhood development services, and doubled down on education quality because of low learning outcomes and the inadequacy of the labor force for today's workplace in Morocco (IFC 2019).

Figure 2.1. World Bank Group Engagement with Morocco over the Past Decade

Outcome Areas	CPS FY10–13	CPS FY14–17	SCD FY18 Priority Pathways	CPSD FY19 Recommendations	CPF FY19	IFC CS FY19
PRIVATE SECTOR–LED GROWTH AND JOB CREATION			Getting closer to the efficiency frontier			
Competitiveness Business environment	Improve business environment	Enhance business environment	Through favorable business conditions	Enhancing market competition	More efficient environment for business and competitiveness	Competition, SOE reform, Doing Business
Access to finance	Financial sector reform	Improve access to finance	Through favorable access to finance	Channeling domestic capital to tradable productive sectors	Increase access to finance	Financial inclusion, capital market, financial inclusion 3.0
Support to MSME	SME growth		Through competition and innovation	Fostering entrepreneurial talent and culture	Private sector growth with a focus on MSMEs and youth employability	Regional integration, light industry, start-up ecosystem
Agri-food development	Agricultural sector reform	Increase productivity of agri-food sector				
ICT	Enhancing ICT competitiveness			Expanding the digital economy	Strengthening digitization and digital infrastructure	ICT infrastructure
HUMAN CAPITAL			Leveraging and pushing the efficiency frontier			
Human capital formation	Quality and access in education Health sector reform	Access to basic services in education and health	Through quality education Through early-childhood development	Level the playing field in tertiary education Stimulate role of private sector in TVET	Early-childhood development services; quality and effectiveness of education systems; quality and efficiency of health delivery systems	Education for employability
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 people and vulnerable	
Labor force participation	Skills and employment Social inclusion of women and youth	Better match skills with job market needs	Through labor market reform Through gender mainstreaming		Empowering women and girls as cross-cutting theme	
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	Identify infrastructure services to outsource to private sector	Improve access to sustainable water resources	Private sector solution to water
Energy	Low carbon energy reform	Reliable electricity Renewable energy and efficiency		Improve public-private partnership law and institutions		
Spatial development	Urban development; rural transport; solid waste management; integrating lagging regions	Basic services (water, sanitation, electricity, transport, telecom)	Through urban and territorial development		Improve performance of key infrastructure delivery services of cities and agglomerations	Urban municipal finance
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; CPSD = Country Private Sector Diagnostic; DRR = disaster risk reduction; FY = fiscal year; ICT = information and communication technology; IFC CS = International Finance Corporation Country Strategy; MSME = micro, small, and medium enterprise; SCD = Systematic Country Diagnostic; SME = small and medium enterprise; SOE = state-owned enterprise; TVET = technical and vocational education and training.

2.4 The Bank Group supported Morocco's effort to strengthen resilience to climate change, develop renewable energy, and manage the risks of disasters. Throughout the evaluation period, the Bank Group has been an important partner for Morocco in water resource management, an area of growing vulnerability. The Bank Group also helped Morocco in its attempt to transition away from imported fuels and toward low carbon development, notably through a series of major investments in solar energy. The World Bank financed the Noor-Ouarzazate concentrated solar power complex, one of the largest in the world. Several investments aimed at sustainably managing coastal zones to protect biodiversity and the greening of physical capital. In recent years, the World Bank has been a major partner of Morocco in disaster risk management, notably through the World Bank's first Program-for-Results to incentivize local governments to invest in risk reduction projects. In a subsequent DPL, the prior actions supported reforms to ensure financing of a solidarity fund against catastrophic events.

2.5 Throughout the period, the Bank Group engaged on governance reforms as a cross-cutting theme. Public sector management, accountability and transparency, and engagement of citizens were embedded across the three outcome areas mentioned above. Governance reforms were also tackled through two dedicated DPLs initiated after the adoption of the 2011 constitution with the objective to support the concretization of new governance principles and rights. Accompanying Morocco's decentralization process after the 2011 constitutional reform, subsequent Bank Group supported strategies also aimed to foster accountable decision-making at the local level and in secondary cities. For example, in the municipal solid waste sector, prior actions of a DPL series sought to improve accountability by introducing, asking municipalities to disclose solid waste service contracts, and establishing a national inspection system.

3. Objectives and Audience

3.1 The evaluation seeks to inform the Bank Group's next CPF. Applying key outcome-orientation principles, the evaluation aims to assess the Bank Group's contribution to Morocco's country outcomes, identify how the country engagement has adapted over time to changing conditions and accrued evidence of what worked and did not, and use the evidence to inform the Bank Group's future engagement with Morocco.

3.2 The primary audiences of this evaluation are the Bank Group boards and Bank Group staff and management working on Morocco. The evaluation will seek to generate lessons that can serve Bank Group staff considering and designing future engagements with the country. The evaluation aims to help Bank Group management and Board of Executive Directors in their deliberations of the future CPF, as well as Morocco's government in its use of various Bank Group instruments, and more broadly in its implementation of a new development model. The evaluation will also be of interest to a broader audience, notably inside Morocco (for example, other development partners, civil society organizations or researchers working on the country, and citizens).

4. Evaluation Scope and Questions

4.1 The evaluation will focus on the Bank Group's contribution to helping Morocco tackle key constraints to achieving its objective of reaching upper-middle-income country status. The Country Program Evaluation will trace the Bank Group's engagement with Morocco since the country's major constitutional reform of 2011 until 2021. The evaluation scope will include Bank Group activities in three interrelated outcome areas: (i) private sector–led growth that absorbs a growing labor force, (ii) inclusive human capital formation and labor force participation of women and youth, and (iii) resilience to climate change and sustainable management of resources. The Country Program Evaluation will examine the short-term impact of the Bank Group response to the COVID-19 pandemic within outcome areas 1 and 2, including through its support to the government's cash transfer program. The three selected outcome areas will also provide lessons on the implementation of three of the Bank Group's capital package priorities: creating markets and scaling up private sector solutions, leading on gender equality, and tackling climate change.

4.2 The evaluation does not aim for comprehensiveness and will not cover all facets of Bank Group engagement. The evaluation will focus on Bank Group activities that sought to tackle the key challenges faced by Morocco laid out above. The team will assess the sequencing and complementarity of International Bank for Reconstruction and Development and IFC financing, analytics, advisory services, convening, and policy dialogue efforts. The Multilateral Investment Guarantee Agency had two operations during the evaluation period, both part of its small guarantee program and not subject to self-assessment. The Multilateral Investment Guarantee Agency's intention to support foreign investments and private-public partnership in several sectors, as expressed in subsequent country strategies, has not yet materialized. The evaluation will seek to identify bottlenecks and draw lessons from past attempts. The team will prioritize findings and lessons that can best inform the next CPF and decisions on how the Bank Group can position itself to support Morocco's new development model.

4.3 The Country Program Evaluation will assess the relevance and effectiveness of Bank Group engagement with Morocco throughout the evaluation period. To do so, it will answer three specific evaluation questions, one for each outcome area:

- EQ1: To what extent has the Bank Group contributed to enhancing productivity and private sector–led growth that can absorb Morocco's growing labor force?

- EQ2: 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?
- EQ3: 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?

4.4 The first question will evaluate how well the Bank Group has contributed to private sector development and productivity growth in Morocco. Recognizing that private sector development is the main channel through which job creation needs to take place, the evaluation will assess whether the Bank Group has contributed to levelling the playing field for Moroccan micro, small, and medium enterprises; enhanced their access to finance; promoted financial and digital inclusion; and created an enabling environment for sustainable creation of quality private sector jobs. The Bank Group's support to state-owned enterprise reform and to digital transformation will be studied in some depth, given their importance to Morocco's new development model.

4.5 The second question will shed light on the Bank Group's contribution to inclusive human capital development and the adequacy of the labor supply. Addressing the quality of human capital formation is also key to solving Morocco's employment and productivity challenges. The Human Capital Index estimates that a child born in Morocco today might be only 50 percent as productive when she grows up as she could be if she enjoyed complete quality education and full health.[3] The evaluation will assess the Bank Group's contribution to raising the quality of education, including through improved teacher training, school management, and education sector governance. It will also explore the extent to which the Bank Group has tackled the complex challenges of declining female labor force participation and low youth employment. The team will also review the Bank Group's efforts to protect human capital through more effective and inclusive health and social protection systems, with a specific focus on the COVID-19 response.

4.6 The third question will gauge the Bank Group's contribution to mitigating the impact of climate change on poverty and enhancing shared prosperity. The team will assess the Bank Group's support to Morocco's water and natural resource management, disaster risk management, and its transition toward renewable energy. The evaluation will also determine whether the Bank Group has contributed to mitigating the combined negative effects on access to scarce natural resources by the most vulnerable groups (for

[3] World Bank, Human Capital Index (HCI)—Morocco (accessed September 3, 2021), https://data.worldbank.org/indicator/HD.HCI.OVRL?locations=MA.

example, people living in arid rural areas, women, and people with limited ownership rights) and on their depletion as a result of climate change.

4.7 In answering these questions, the evaluation will also tackle four issues that cut across outcome areas:

1. The team will inquire how well the Bank Group has navigated governance and political economy constraints that are at the root of the "systemic knots" to Morocco's development. The team will assess the relevance and utility of the political economy filters used by the Bank Group to identify, prioritize, and address key political economy challenges to specific operations or reforms. Through case-based analysis, the evaluation team will draw lessons on what worked and did not in supporting specific reforms. The evaluation will also study the extent to which the Bank Group seized the opportunity offered by governance changes post-2011 to help create a more level playing field in the economy and society.

2. In approaching the three outcome areas, the evaluation will assess the coherence of the Bank Group's support to tackling territorial disparities, notably between rural and urban areas.

3. The team will review the Bank Group's response to COVID-19 and determine whether it adapted its engagement appropriately to the pandemic. The impact of the COVID-19 response is, however, outside the evaluation scope.

4. In approaching each outcome area, the team will assess the adequacy of Bank Group efforts to support the collection, sharing, and use of quality data to guide Bank Group and government strategies and target interventions.

5. Evaluation Design

5.1 The evaluation will assess the Bank Group's engagement through the prism of three multidimensional evaluation criteria:

- **Relevant:** The evaluation will determine the relevance of the Bank Group's contribution along three dimensions: (i) whether it addressed important constraints to Morocco's development, as informed by existing rigorous diagnostics; (ii) whether it took into account its comparative advantage, the interest of the government, and contributions of other development partners; and (iii) whether it adapted its engagement in light of accrued evidence and experience of what worked, of what did not, for whom and why.

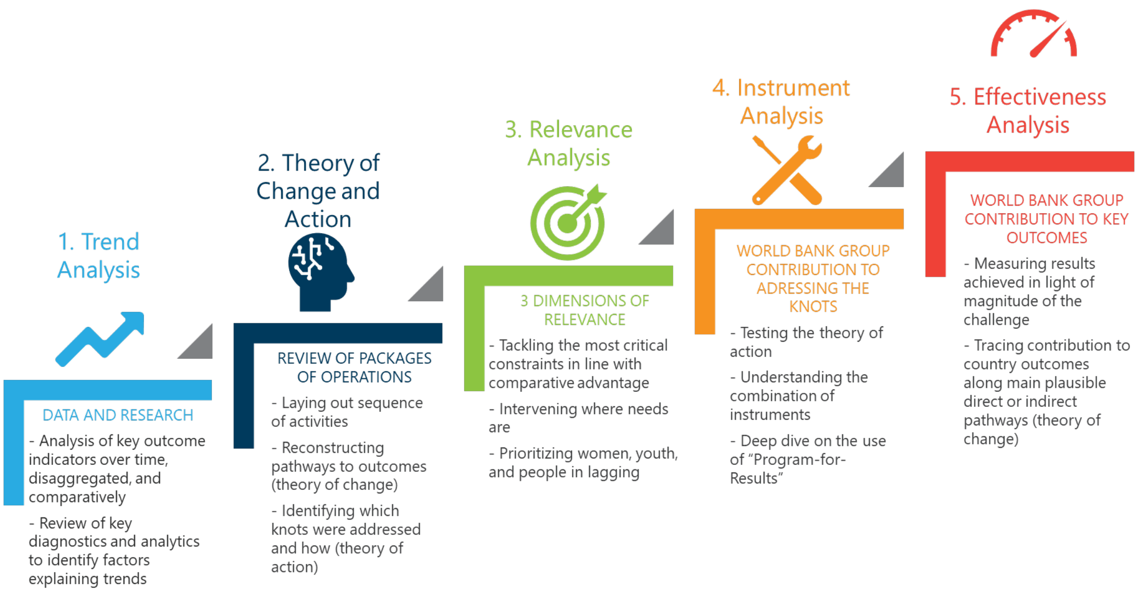
- **Effective:** The evaluation will capture the Bank Group's contribution to country outcomes over the evaluation period and determine whether the Bank Group's engagement amounted to more than the sum of its individual activities—through appropriate sequencing, complementarity of instruments, and leverage. The evaluation will assess how analytics have informed financing operations and influenced government reforms. To assess effectiveness, the evaluation will reconstruct the theories of change—the packages of activities delivered by the Bank Group over 10 years and their underlying assumptions—in each outcome area.

- **Inclusive:** The evaluation will assess the extent to which the Bank Group has prioritized the needs and challenges faced by women, the youth, and people most vulnerable to falling into poverty in designing, implementing, and evaluating its activities in the country and whether its geographical targeting aimed to redress territorial exclusions.

Methodology

5.2 To answer the evaluation question, the team will systematically follow five analytical steps in each outcome area (figure 5.1). First, the team will review major trends for each high-level outcome. The team will also review and synthesize key diagnostics and analytics produced by the Bank Group, development partners, and the government to identify the main explanatory factors. Second, the team will reconstruct the main pathways to country outcomes that the Bank Group pursued, whether direct or indirect, through document reviews and complementary interviews with Bank Group staff. Third, the team will use the evidence gathered in steps 1 and 2, as well as additional information, to assess the relevance of the Bank Group's contribution along the three dimensions laid out above. Fourth, the evaluation will assess the complementarity of instruments used to address knots to Morocco's development. The last step will consist of assessing the Bank Group's effectiveness in contributing to development outcomes in Morocco along the most plausible pathways using pertinent causal analysis techniques. More details on this stepwise approach can be found in appendix A.

Figure 5.1. Evaluation Design



Source: Independent Evaluation Group.

5.3 The team will use several methods to collect and analyze the data necessary to answer the evaluation questions. The team will use NVivo to build its overall evaluative framework, analyze, and triangulate its various data sources. The evaluation matrix in appendix A summarizes the design. The following main methods envisioned for this exercise have been selected to be implementable without an in-person mission to Morocco:

- **Content analysis of text as data:** The team will extract relevant information from Bank Group lending, nonlending, and country engagement documents, as well as relevant documents from Morocco's governments and development partners. Using NVivo, the team will code, classify, or compare evidence, which will be used to reconstruct and test theories of change and action.

- **Qualitative analysis of remote semistructured interviews:** The team will interview Bank Group management and staff, a selection of central and local government and private sector clients, and members of project implementation units, as well as key informants among civil society organizations and other development partners. Interviewees will be selected to avoid confirmation biases. Interviews will be virtual or conducted in person by local consultants in adherence with local health guidelines. NVivo will be used to perform qualitative analysis of interview data.

- **Statistical analysis of survey and administrative data:** The team will use official statistics from the Haut Commissariat au Plan; recognized international data sources (for example, International Monetary Fund and World Bank); and other reliable sources of microdata (for example, households and enterprise surveys) to analyze the trends in country and sectoral outcomes that the Bank Group has sought to influence.

- **Geospatial analysis:** The team will explore the utility of geospatial analysis to assess the relevance of Bank Group operations in decreasing the social and economic exclusion. Bank Group project geolocation will be overlaid (through simple statistical methods and data visualization in maps) with georeferenced data on key outcomes of interest (for example, access and quality of human capital formation services, access to quality jobs, or firm access to financial services, and so on), as well as geolocated project for Morocco's other key development partners (see appendix D for preliminary overview).

- **Case-based analysis:** The team will conduct detailed case studies of specific reforms to assess the contribution of the Bank Group to certain outcomes along "indirect pathways," such as institutional strengthening, market creations, or learning effects. Case-based approaches, such as process tracing techniques, may prove useful. Case studies and stakeholder mapping tools will be used to draw lessons from the Bank Group's experience in navigating complex political economy constraints. A range of sources of information will be used to build cases, including trace evidence (for example, policy briefs or memos, meeting records, and so on); account evidence (for example, interviews and media data analyzed through the Talkwalker platform[4]); and sequence evidence (for example, series of events).

Limitations

5.4 The evaluation design has three main limitations, starting with the inability to conduct field missions due to the COVID-19 pandemic. Although the evaluation team will use digital technologies to interview government counterparts, other development partners, and local experts, reaching interlocutors outside major urban centers and within civil society will be challenging. This limitation may inject a degree of selection bias into the findings. Moreover, Bank Group clients and partners in Morocco continue to be dealing with the ongoing pandemic and their availability for this evaluation might be particularly restricted. This risk is compounded by the aftermath of the general

[4] See https://www.talkwalker.com.

elections that took place in September 2021. To mitigate such risk, the evaluation team plans to use local consultants with substantive and contextual expertise as well as experience in identifying key informants for interviews.

5.5 Capturing the Bank Group's contribution to Morocco's outcomes through indirect pathways is challenging. In Morocco, the Bank Group's influence is likely to come as much from its tangible results achieved through projects and investments as 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. The outcomes of these activities are difficult to observe, measure, and document. To grapple with this challenge, the evaluation will resort to process tracing principles and techniques that are well suited to investigate these types of change processes. It will also gather a range of qualitative and quantitative evidence over a relatively long-time frame to reconstruct plausible contributions.

5.6 Although Morocco collects a significant amount of data, access and availability of some types of data—including poverty rates—remain a challenge. Geospatial assessment of Bank Group support requires high resolution and subnational indicators across the country and across sectors. Such data might not be available at the frequency and depth required for a meaningful analysis. Limited data availability might include indicators of some types of outcomes, time series frequency, and data at the desired level of disaggregation. The analysis will pay 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 to ensure the consistency and validity of analysis.

6. Quality Assurance Process

6.1 To ensure that the evaluation reaches a high level of quality (understood in terms of credibility of the evidence, validity, and utility of the findings), the evaluation will go through Independent Evaluation Group standard quality assurance processes that include internal review meetings with members of the leadership team. In addition, four external reviewers will be involved in the quality assurance process for the evaluation:

- Dr. Mina Baliamoune-Lutz is Richard de Raismes Kip Professor of Economics at the University of North Florida. She is part of the editorial board of key journals, such as the *Journal of African Development* and *Feminist Economics*.

- Ms. Rim Berahab is a senior economist at the Policy Center for the New South, a think tank based in Rabat. Her research focuses on economic growth and gender inequalities, energy issues, and regional integration in the Maghreb and Africa.
- Dr. Nicolas Blancher is division chief at the International Monetary Fund and former mission chief for Morocco.
- Dr. Mihoub Mezouaghi is director of the Agence Française de Développement for Morocco, where he previously served as the deputy executive director for research and knowledge.

7. Resources

7.1 The evaluation will be prepared with an estimated budget of $490,000. The task team leader for the evaluation is Estelle Raimondo (senior evaluator), and core team members are Ariya Hagh (consultant), Carla Fabiola Coles (program assistant), Jennifer Keller (senior economist), Ramachandra Jammi (senior evaluator), Santiago Ramirez Rodriguez (evaluation analyst), and Unurjargal Demberel (evaluator). The work will be conducted under the guidance of Jeffrey Allen Chelsky (manager), Oscar Calvo-Gonzalez (director), and Alison Evans (Director-General, Evaluation).

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Appendix A. Evaluation Design Matrix

Table A.1. Evaluation Design Matrix

Evaluation Questions	Methods and Approaches: Trend analysis	ToC and ToA	Relevance	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? 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? 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?	Analysis of secondary data that capture the evolution of key country or sector outcomes that the Bank Group has sought to influence. Review of Bank Group analytics and external diagnostics to understand the factors driving the trend in outcome data. Interviews with experts to corroborate or refine the teams' understanding of trend and explanatory factors.	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." Interviews with Bank Group task team leaders/investment officers and sector leaders to bridge information gap and corroborate/refine ToCs and ToAs. Stakeholder mapping and political economy analytical tools to identify constraints to key reforms and how the Bank Group went about overcoming them.	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. Interviews with clients and partners to gauge opinions about the relevance and adaptation of Bank Group operations over the decade. 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. Geospatial analysis of World Bank and partners' operations by sector to gauge the relevance of Bank Group targeting.	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). 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. 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). Process tracing of policy influence (including use of mixed media).	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.

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

Five Steps of Evaluation Design

What follows is a detailed description of the five analytical steps that the team will follow to answer each of the three evaluation questions.

1. The team will examine major trends for each high-level outcome. Using a combination of official and reliable secondary data sources, the team will take stock of where progress has been recorded and where it has stalled. When useful, the team will conduct comparative analysis across Morocco's regions or with meaningful country comparators, and across disaggregated social groups. The team will also review and synthesize key diagnostics and analytics from the World Bank Group, other partners, and government to identify the main factors explaining the trends. The use of this information will be twofold: assess the relevance and utility of Bank Group analytics and as input in the theories of change of Bank Group operations (step 2).

2. The team will reconstruct the main pathways to country outcomes that the Bank Group pursued, whether direct or indirect, through document reviews and complementary interviews with Bank Group staff and build on existing Independent Evaluation Group evaluations of Bank Group support to Morocco (see appendix B).

3. The team will use the evidence gathered in steps 1 and 2, and additional information (for example, georeferenced data on needs and interventions, information on government and other partners operations, interviews with government and private sector counterparts) to assess the relevance of the Bank Group's contribution along the three dimensions laid out above. An analysis of other development partners operations will be overlaid with World Bank portfolio interventions (see appendix D for a preliminary review of partner data). The evaluation will also gauge the extent to which the Bank Group has prioritized the needs and challenges faced by Moroccan youth, women, and people living in lagging regions. Using stakeholder mapping and political economy analysis, the team will identify how the Bank Group has navigated governance and political economy issues that underly the main "knots" to effective reforms and assess the extent to which the Bank Group has seized windows of opportunity to address these knots (for example, tackling rent-seeking behaviors, addressing issues of policy coherence and convergence, improving public service capacity, and enhancing the efficiency, transparency, and predictability of the bureaucracy and justice system).

4. The evaluation will assess the complementarity of instruments used to address some of the knots to Morocco’s development. Notably, Morocco is one of the countries where the World Bank has used development policy financing and Program-for-Results the most and across outcome areas. This step will be done primarily through content analysis of program documents and interviews with key informants.

5. The last step will consist of assessing the Bank Group’s effectiveness in contributing to Morocco’s outcomes by testing the theory of change (see step 2) along the most plausible pathways using pertinent causal analysis techniques depending on the nature and complexity of the pathway (for example, direct or indirect) and data availability (for example, econometric analysis, process tracing, and contribution analysis will be considered).

Appendix B. Independent Evaluation Group Evaluations on Morocco

These evaluations are in addition to Independent Evaluation Group validations of project- and operation-specific Implementation Completion Reports and Country Partnership Framework Completion and Learning Reviews.

Morocco Case Studies in Independent Evaluation Group Thematic Evaluations, Fiscal Years 2011–21

- *Growing the Rural Nonfarm Economy to Alleviate Poverty—An Evaluation of the Contribution of the Bank Group* (fiscal year [FY]16)
- *Engaging Citizens for Better Development Results* (FY18)
- *World Bank Support for Irrigation Service Delivery: Responding to New Challenges and Opportunities* (FY19)
- *Renewable Energy: Evaluation of the Bank Group's Support for Electricity Supply from Renewable Energy Resources, 2000–17* (FY20)
- *Addressing Country-Level Fiscal and Financial Sector Vulnerabilities: An Evaluation of the Bank Group's Contributions* (FY21)
- *Doing Business Indicators and Country Reforms* (forthcoming)
- *Energy Efficiency* (forthcoming)

Project Performance Assessment Reports, FY11–21

- Morocco Urban Transport Sector Development Policy Loan (June 2016)
- The Africa Stockpile Program (FY18)
- First and Second Transparency and Accountability Development Policy Loan (P130903 and P154041) (FY20)
- Solid Waste Sector Development Policy Loan 3 (FY21)

Appendix C. Preliminary Portfolio Review

Introduction

The Independent Evaluation Group conducted a preliminary identification and classification of the World Bank Group portfolio in Morocco over the fiscal years (FY)11–21. The Morocco Country Program Evaluation portfolio covers the Bank Group's engagement in the country based on activities that are still active or that closed within that period, irrespective of approval date. Portfolio identification is based on information extracted from the World Bank's Enterprise Data Catalog (World Bank financing and advisory services and analytics [ASA]), and the management information system and advisory services databases of the International Finance Corporation (IFC; investments and advisory services), whereas classification into different outcome areas is based on text available in project[1] titles, project development objectives, components, operations policy and country services portal summaries (World Bank financing and ASA), and IFC project descriptions and objectives (IFC investments and advisory services). For World Bank financing, IFC investments, and IFC advisory services, activities approved and closed before the start of FY11 (before July 1, 2010) and approved and closed after the end of FY21 (on or after July 1, 2021) are excluded from the respective portfolios. For World Bank ASA, any activity approved before FY11 that is no longer active, or signed off after FY21, is also excluded. The Multilateral Investment Guarantee Agency had only two guarantees in Morocco during the evaluation period. Both were part of the small guarantee program and were not subject to self-evaluation.

Based on the Country Program Evaluation's proposed scope, activities were classified into single outcome areas and sublevel working areas to get a first sense of how the portfolio is distributed. The three outcome areas include the following: (i) private sector–led growth and job creation, (ii) inclusive human capital, and (iii) inclusive sustainable development, each of which has three separate sublevel working areas. The classification methodology assumes that each activity addresses one of these outcome areas with more emphasis than others and is assigned only to this priority area. For development policy loans (DPLs), the team reviewed the prior actions associated with each loan to determine the outcome area to which it contributed primarily. For all other instruments, the team reviewed the project title, project development objective, and summary to classify the operation into one outcome area.

[1] Throughout this appendix, the terms "project" and "activity" are used interchangeably.

On this basis, the appendix provides a preliminary descriptive analysis of the Bank Group portfolio in Morocco over FY11–21 across outcome areas, time, and use of instruments. All project and commitment quantities reported by outcome area are rough estimates of World Bank priorities within projects that will be refined during the evaluation period based on a more granular content analysis of project documents.

Trend in the World Bank Group's Engagement throughout the Period

The overall portfolio consists of 226 activities and US$11.1 billion in commitments, including 27 activities worth US$1.4 billion that were approved before FY11 but active during FY11–21. World Bank financing accounts for the bulk of it with just under a third of activities (77) but more than 90 percent of commitments (US$10.4 billion), followed by IFC investments and IFC advisory services, which together cover 22 percent of activities (50) and about 7 percent of commitments (US$757 million), led mostly by investments. World Bank ASA accounts for over 40 percent of activities (99) but only 0.2 percent of commitments (US$27 million). Over two-thirds of the portfolio is closed (table C.1).

Table C.1. Portfolio Summary

Institution	Project Status	New Activities Approved on or after FY11 (number)	New Commitments (US$M)	Inherited Activities Approved before FY11 (number)	Inherited Commitments (US$M)	Total Activities (number)	Total Activities (percent)	Total Commitments (US$M)	Total Commitments (percent)
World Bank -Financing	Active	24	4,458	_	_	24	10.62	4,458	40.00
	Closed	37	4,689	16	1,216	53	23.45	5,904	52.97
IFC-IS	Active	12	385	2	18	14	6.19	404	3.62
	Closed	6	159	6	170	12	5.31	330	2.96
IFC-AS	Active	15	17	_	_	15	6.64	17	0.15
	Closed	6	5	3	2	9	3.98	7	0.06
Subtotal	100	9,713	27	1,406	127	56	11,119	100	
World Bank-ASA	Active	9	1	_	_	9	3.98	1	0.01
	Closed	90	26	_	_	90	39.82	26	0.23
Subtotal	99	27	_	_	99	44	27	_	
Total	Active	60	4,861	2	18	62	27.43	4,880	43.78
	Closed	139	4,878	25	1,388	164	72.57	6,266	56.22
Grand total	199	9,740	27	1,406	226	100.00	11,146	100.00	

Source: Independent Evaluation Group, based on World Bank's Enterprise Data Catalog.
Note: ASA = advisory services and analytics; IFC-AS = International Finance Corporation advisory services; IFC-IS = International Finance Corporation investment services.

The Bank Group continuously supported all three outcome areas in the proposed evaluation's scope. The Bank Group's support in Morocco concentrated on private sector–led growth and job creation (35 percent of all activities and 35 percent of all commitments between FY11 and FY21) and inclusive sustainable development (30 percent and 42 percent), followed by inclusive human capital (22 percent and 17 percent) and the cross-cutting governance area (14 percent and 7 percent). All three outcome areas were supported with new approvals throughout FY11–21, showing notable peaks both at early stages and toward the end (private sector–led growth and job creation), exclusively toward the end (inclusive human capital), and evenly throughout the period (inclusive sustainable development; table C.2 and figure C.1).

Table C.2. The World Bank Group's Engagement Outcome Areas

	Outcome area (top cells show number of projects, bottom cells show commitments in US$ Million)								
	Private Sector-Led Growth and Job Creation		Inclusive Sustainable Development		Inclusive Human Capital		Governance		Total
Working Area	New	Inherited	New	Inherited	New	Inherited	New	Inherited	
Business environment and competitiveness	33 377	3 118							**36** **495**
Contribution of MSME to growth and job creation	22 2,087	7 272							**29** **2,359**
Productivity and value added of agri-food sector	12 900	1 27							**13** **927**
Sustainable water management and energy efficiency			19 1,177	8 549					**27** **1,726**
Inclusive spatial development			19 1,687	5 279					**24** **1,965**
Climate adaptation and disaster risk reduction			17 1,200						**17** **1,200**
Human capital formation					13 762	2 62			**15** **824**
Human capital protection					17 648				**17** **648**
Labor force participation: women and youth					17 266				**17** **266**
Government effectiveness							30 636	1 100	**31** **736**
	67 **3,365**	**11** **417**	**55** **4,064**	**13** **828**	**47** **1,676**	**2** **62**	**30** **636**	**1** **100**	**226** **11,146**

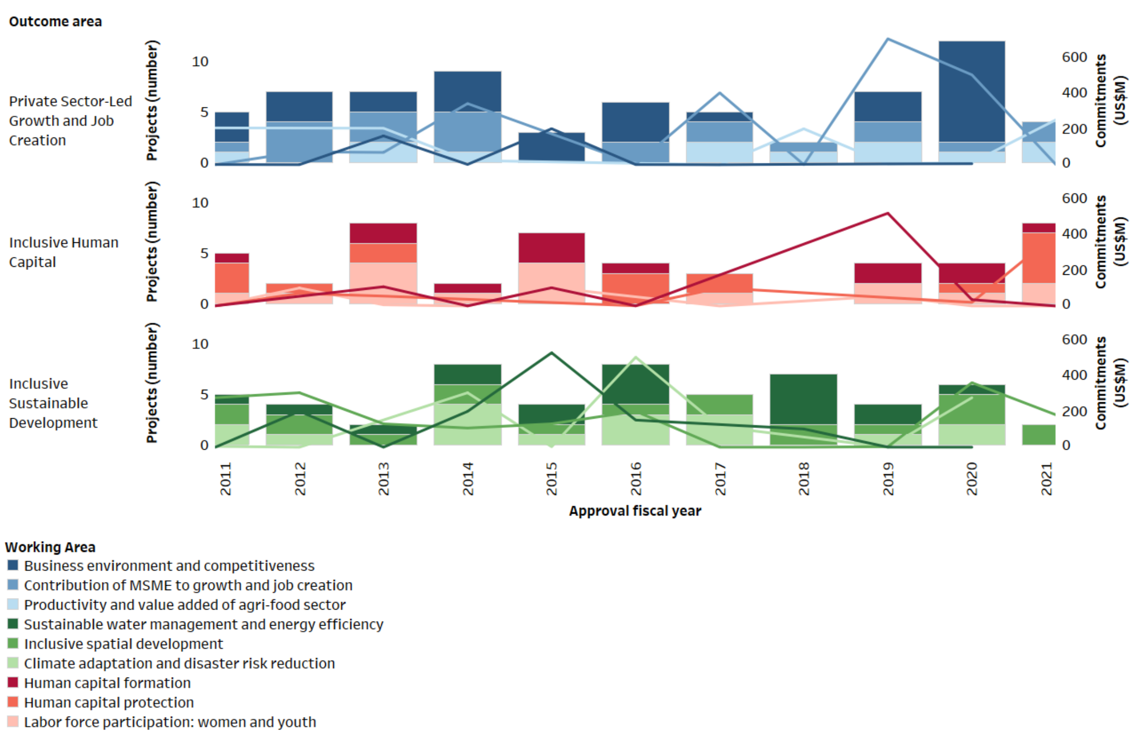
Source: Independent Evaluation Group.
Note: MSME = micro, small, and medium enterprise.

Evolving Instruments Use

The World Bank focused its support on policy reform, channeled mainly through DPLs but with increasing Program-for-Results (PforR) participation over time, while decreasing support through investment project financing (IPF). Development policy financing accounted for a third of the World Bank's new activities (20) and more than half of new commitments (US$4.7 billion), and in turn the use of PforR increased considerably over time in both dimensions, accounting for 9 percent of the World Bank's activities and 15 percent of commitments between FY11 and FY17, compared with 50 percent of activities and 45 percent of commitments between FY18 and FY21. On the contrary, support through IPF lost ground after FY17, accounting for 55 percent of activities and 26 percent of commitments before that year, compared with 29 percent of activities and 15 percent of commitments after.

The World Bank provided analytical support through technical assistance and economic and sector work between the early and midyears of the review period and through more miscellaneous ASA during the later years. In terms of ASA, from FY11 until FY17, the World Bank supported Morocco with a large body of nonlending technical assistance and economic and sector work (59 percent and 33 percent of projects, respectively). This ASA assistance covered a range of topics, including financial regulation, urban development, health, governance, justice reform, trade, and climate change adaptation, among others. Economic and sector work included several public expenditure reviews tailored to different topics such as health and education, justice reform, governance, and transport. The Country Economic Memorandum in FY16 was an important piece of work, which, according to the Country Partnership Framework (CPF) FY19–24, shaped the 2018 Systematic Country Diagnostic and had significant resonance in both public and private circles. Since FY18, unclassified ASA, also covering several topics, accounted for over a third of knowledge support (table C.2 and figure C.2).

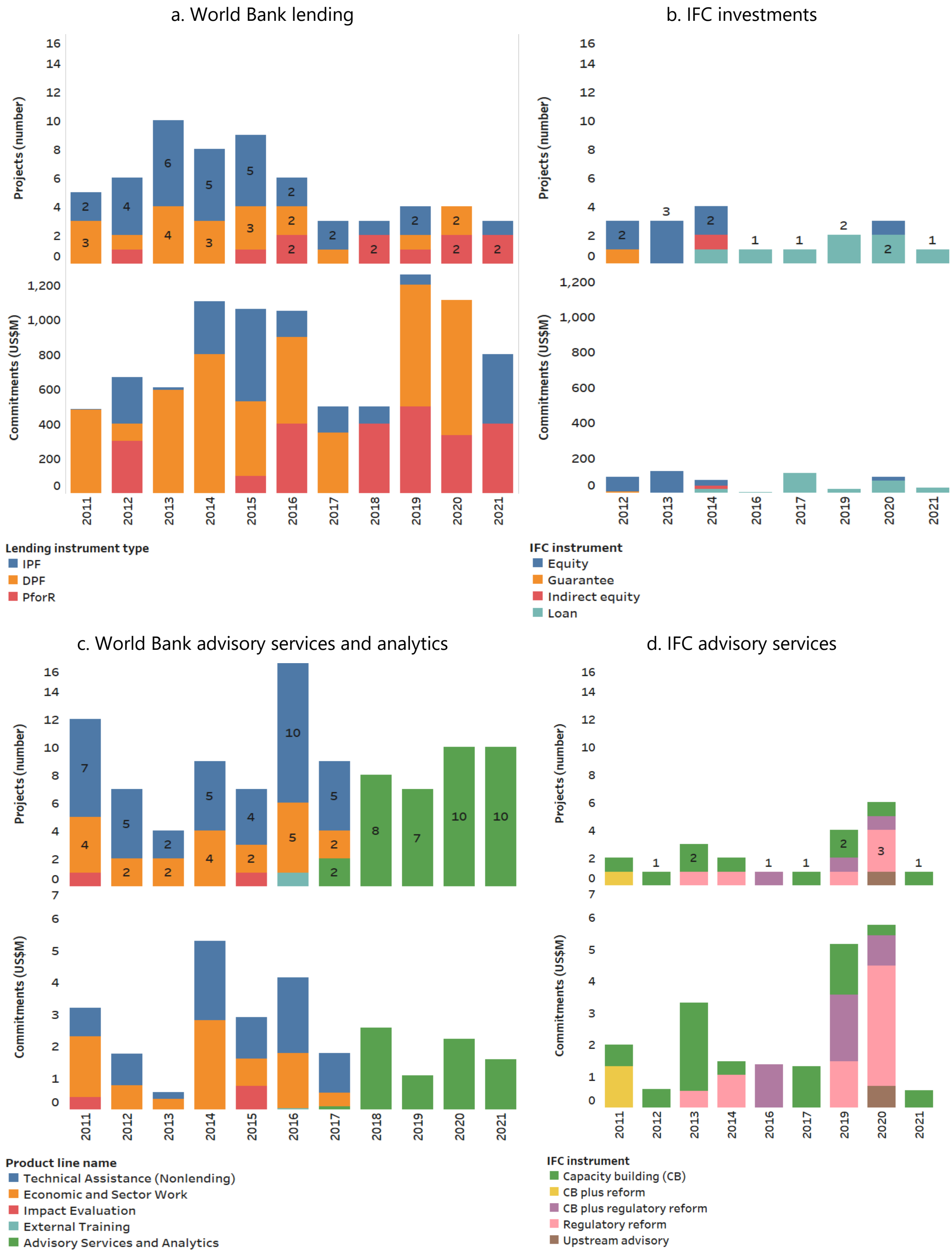
Figure C.1. Continuity of World Bank Group's Engagement across Outcome Areas



Source: Independent Evaluation Group.
Note: This figure is based on new portfolio of 199 Bank Group projects and US$9,740 million in new commitments. Its bars represent projects, and its lines represent commitment amounts. Each project is classified under a single outcome area and associated working area. MSME = micro, small, and medium enterprise.

IFC used both investments and advisory services to promote private sector development in Morocco. IFC's earlier investments in FY11–14 predominantly involved equity and indirect equity. However, IFC's instrument mix subsequently shifted, with debt investments dominating since FY14. Advisory services represented more than half of all IFC operations in FY11–21 but increased notably since FY19 after the new country strategy. Over half of IFC's advisory services involved regulatory reforms, whereas about two-fifths addressed capacity building and a small share of activities worked on upstream engagements (5 percent). A quarter of the advisory services projects were implemented jointly with an IFC investment project in pursuit of the same development objectives.

Figure C.2. Combination of Instruments within Institution and across Approval Years



Source: Independent Evaluation Group.
Note: N = 199 projects; total commitments = US$9,740 million. DPF = development policy financing; IFC = International Finance Corporation; IPF = investment project financing; PforR = Program-for-Results.

World Bank Group Engagement in Each Outcome Area

World Bank Engagement to Support Private Sector–Led Growth and Job Creation

There were important efforts in private sector–led growth and job creation throughout the review period, after an increase in support of Morocco's new constitutional priorities and in line with the Bank Group's 2018 Systematic Country Diagnostic and ensuing CPF FY19–24. Early support for this area was anchored on the Country Partnership Strategy FY10–13 and the CPF FY14–17's recognition that business environment reforms in the 2000s in Morocco had not yet led to the structural transformation of the private sector. Major weaknesses remained, notably in regulatory reform, efficiency, competition and competitiveness, access to financial services, and information and communication technology infrastructure. In addition, the agriculture sector was diagnosed as a low productivity sector showing little diversification away from low-value-added products, thereby reducing investment incentives and limiting job creation.

The Bank Group contributed to private sector–led growth and job creation through three streams of work:

- Support for improving the business environment and competitiveness, which accounted for almost half of private sector–led growth and job creation projects and 11 percent of associated commitments—36 activities for US$495 million.
- Support for micro, small, and medium enterprise (MSME) development, with an estimate of US$2.3 billion committed to this working area (about one-quarter of new portfolio commitments over the period), of which more than half (29 activities for US$1.2 billion) came after FY18.
- Support for improving the productivity and value added of the agri-food sector, which came through 13 activities worth just over US$900 million.

To improve competitiveness and the business environment, the Bank Group supported major capital market reforms. Prior actions aimed to strengthen market authority for licensing and certifying finance professionals, introducing legislation for strengthening the governance structure of the stock exchange, and developing new capital market instruments, among other reforms to the sector. The World Bank also financed a US$160 million Economic Competitiveness Support Program DPL (FY13) supporting reforms for financing competitiveness and job creation in three key areas of the government's comprehensive economic strategy: the investment climate, trade policy and trade logistics, and economic governance. Supported reforms included reducing barriers to entry for small and medium enterprises (SMEs) and several measures for simplifying and standardizing administrative procedures for doing business and for facilitating trade.

The World Bank also used ASA to improve Morocco's business environment and competitiveness. There were 21 activities in this area, many of which started early in the period. Through 12 technical assistance projects, for example, the World Bank supported trade capacity building (FY11); the analysis of constraints to competitiveness and associated policy design (FY12); its own Global Emerging Markets Local Currency Bond Program (Gemloc), which supports development of local currency bond markets in emerging market countries to increase their propensity for investments and attract new domestic and international investment (FY12); a financial capabilities survey (FY15); tourism development (FY15); and more recently on broadband and information and communication technology sector development policy advice. In terms of economic and sector work, there was a Financial Sector Assessment Program update in FY16 and two projects on trade, one focusing on integration with the European Union (FY14) and the other on competitiveness (FY16).

The Bank Group's support to MSMEs was substantial and leveraged a range of instruments. For instance, the World Bank financed a US$50 million MSME development IPF (FY11) and two DPLs of a programmatic series that totaled US$650 million (FY14 and FY17). These projects sought to improve access to finance for MSMEs, including access to and use of credit, savings, insurance, and payment services, and facilitate the increase of private equity and quasi-equity finance for innovative start-ups and SMEs. DPL-supported reforms included, but were not exclusive to, expanding government guarantee operations (including for women-led MSMEs and for MSMEs in underserviced regions); addressing the working capital requirements of MSMEs through tax, monetary, and other instruments; and introducing credit scoring for MSMEs to help build their credit and repayment records.

The World Bank supported improving productivity and value added of the agri-food sector at the beginning of the evaluation period. There were two DPLs early in the period—FY11 and FY13—totaling US$408 million in support of the Plan Maroc Vert (the country's agricultural development strategy). The World Bank also funded two PforR to strengthen agri-food value chains by increasing their marketing efficiency and environmental sustainability, the volume of their commercialized value-added products, and the economic inclusion of youth in rural areas. In later years, the World Bank resorted to ASA to continue supporting this area of work. The World Bank worked on options for promoting rural development (FY17), gender-based constraints and opportunities in agri-food value chains (FY19), and support for the new agricultural strategy (FY21).

Later in the period, the World Bank focused on promoting digital economy and inclusion with emphasis on SME development. It approved a US$700 million Financial Inclusion and Digital Economy DPL (FY19), and a US$500 million Financial and Digital Inclusion DPL (FY20), two of the largest projects in the portfolio. These operations used prior actions to support appropriate regulations of the digital economy and support digital transformation for individuals, enterprises, and entrepreneurs. Specific related reforms included, among others, ensuring better broadband connectivity and access to digital services across the country, facilitating access to equity financing for innovative and youth-led enterprises, improving access to technical support and technological solutions for young firms, and advancing financial inclusion of women and female-owned enterprises through enhanced supply-side data on gender from financial service providers.

The World Bank's ASA focused primarily on issues related with the business environment and competitiveness. In terms of support for MSME development, the World Bank concentrated its efforts toward the end of the period on an MSME development facility (FY18) and on the development of local capital markets and SME finance (FY21). Other more miscellaneous ASA were more recent (all six projects approved in FY20), and addressed connectivity, emerging digital technologies, payments innovations for financial inclusion, and challenges to the manufacturing sector (automotive, aeronautics, and textile), among others.

IFC's projects emphasizing promotion of private sector–led growth and job creation accounted for two-thirds of approvals and one-third of the total IFC commitment. IFC mainly focused on supporting MSMEs through financial intermediaries and funds, and improving investment climate through advisory services, but it also directly financed a few investments promoting productivity enhancements of agribusiness companies. IFC has deployed all traditional financing instruments in its financial market investments, though it more frequently used equity and indirect equity in the earlier years, and loans in recent years. Over time, IFC has sought to enhance its value added to its financial intermediary clients servicing MSMEs by providing both investment and advisory services support or building strategic partnerships through repeat engagements. On the other hand, after the new country strategy, IFC significantly increased its investment climate advisory services, involving the regulatory reforms in the areas of capital markets, insolvency, business environment/Doing Business indicator–based reform, credit infrastructure, competition policy, investment policy and promotion, and corporate governance.

World Bank Engagement to Support Inclusive Human Capital

The Bank Group continuously supported Morocco's efforts to improve its human capital formation and use throughout the period. All country strategies emphasized the need to focus on Morocco's human capital and the 2018 Systematic Country Diagnostic–identified exclusion in human capital formation and use as a key binding constraint for Morocco's new development model. The latest CPF FY19–24 made strengthening all aspects of human capital, one of its three strategic focus areas. Throughout the period, the World Bank committed an estimated US$1.7 billion in supporting inclusive human capital. The Group focused on three interrelated areas of work:

- Human capital formation (education reform and early-childhood development): 15 activities for US$824 million.
- Human capital protection (social protection reform, health reforms, and COVID-19 pandemic support): 15 activities for US$648 million.
- Addressing the obstacles for labor force participation, primarily of women and youth: 17 activities for US$266 million.

World Bank support to education reform was constant throughout the period. Early on, the World Bank approved the first Skills and Employment DPL for US$100 million (FY12), and the second Education DPL for US$100 million (FY13). Through these projects, it aimed to match skills developed through vocational training and higher education systems to the needs of the labor market, with the expected outcome of improved employability. The World Bank also supported Morocco in improving education system performance (teaching, management, and stewardship). More recently, the Bank Group expanded its support to focus on the early years. In FY19, it started a US$500 million PforR addressing early-childhood development, improved teaching practices in primary and secondary education, and improved management capacity along the education service delivery chain.

The World Bank started supporting Morocco's social protection reform early in the period, helping Morocco transition away from a subsidy system, and intensified later with the COVID-19 response. The World Bank focused on creating a national registry and improving targeting of cash transfer programs through a US$100 million IPF (FY17). The World Bank then resorted to a US$400 million PforR (FY21) to support the social protection emergency response to the COVID-19 pandemic, which provided emergency cash transfers for low-income and vulnerable households. A smaller US$35 million IPF (FY20) sought expanding access to primary health care in targeted rural areas and strengthening detection and case management to respond to the COVID-19 pandemic.

ASA support for inclusive human capital included the following notable pieces, among others: an impact evaluation of the e-monitoring of a conditional cash transfer program in rural Morocco (FY11); a social protection strategy (FY11); a public expenditure review focused on health and education (FY14); the notable Country Economic Memorandum of FY16 ("Morocco 2040"), which addressed human capital and other topics. Later in the period, knowledge support shifted to addressing the COVID-19 pandemic, namely through a COVID-19 infrastructure recovery strategy and monitoring of COVID-19 economic impacts and policy responses (FY21). For labor participation of women and youth, the World Bank provided economic and sector work for promoting youth opportunities and participation (FY11), a programmatic employment technical assistance (FY15), a gender assessment (FY15), and later some assessments on the possibility of accessing overseas employment opportunities for Moroccans (FY19 and FY21).

IFC's activities addressing inclusive human capital focused on labor force participation and employability. IFC's efforts on human capital represented 18 percent of IFC approvals and 30 percent of the total IFC commitment. IFC activities tackled key issues related to increasing access to high-quality tertiary education, improving health and other human capital protection services,[2] and enhancing employability of women and youth. In line with its FY19–22 Morocco country strategy to enhance education for employability, IFC recently supported an expansion investment of the tertiary education provider focusing on delivering high-quality and cost-effective education in the medical field, whereas at the wider business community level, it engaged with the private companies and associations to enhance the women's payroll employment and access to better jobs. IFC's projects supporting human capital formation and protection were investments, whereas advisory services were deployed to promote employability of women and youth in various sectors including agribusiness, financial sector, light manufacturing, education, and health.

World Bank Engagement to Support to Sustainable Development and Climate Resilience

The Bank Group supported Morocco's attempt to increase climate adaptation and resilience and decrease its disproportionate impact on poor people through three streams of work:

[2] For the purposes of this evaluation, included in the human protection services were the International Finance Corporation's investment projects in insurance and low-income housing.

- Sustainable water management and energy efficiency, with 27 activities worth US$1.1 billion;
- Inclusive spatial development, with 24 activities worth US$1.7 billion;
- Adaptation to climate change and disaster risk reduction, with 17 activities worth US$1.2 billion.

The World Bank was a major partner of Morocco's attempt to become a regional leader in carbon-free energy generation. Through a series of IPFs, the World Bank supported clean power generations, including a US$200 million IPF, which financed the first phase of a solar power plant construction through a public-private partnership (FY12); the US$400 million Noor Solar Power project, which financed several activities related to Noor-Ouarzazate solar power generation phases II and III (FY15); its additional financing of US$100 million (FY18); a clean and efficient energy project of US$125 million, which also sought improving operational efficiency of Morocco's national power utility (FY15); and a US$41 million IPF for increasing the efficiency and reliability of electricity supply by strengthening the transmission and distribution infrastructure, supporting programs to reduce electricity demand growth, and promoting wind generation (FY14). In FY18, the World Bank also approved four ASA projects for improving energy efficiency and integrated urban water management.

The World Bank also supported Morocco in dealing with water scarcity, an area of increased vulnerability for the country. Two projects worth US$309 million aimed to provide access to safe and reliable drinking water for rural communities in targeted underserviced areas (US$159 million, FY14) and increasing access to improved irrigation technologies for farmers (US$150 million, FY16). The World Bank also supported knowledge work to assess the climate change impact on water resource management.

The World Bank supported Morocco's attempt at sustainably managing secondary cities throughout its territory. The World Bank committed US$487 million for supporting urban transport, early in the period (FY11) and two PforR late in the period that together totaled US$350 million (FY16 and FY21). These projects aimed to improve the delivery of urban transport services, strengthening the capacity of urban transport institutions to plan, implement, and monitor infrastructure and services and improving environmental and social sustainability. The World Bank also financed three DPLs, which were part of a programmatic series supporting solid waste management and totaling almost US$400 million (FY11, FY13, and FY15), and a recent US$300 million PforR supporting municipal development (FY20), seeking to improve the institutional and service delivery performance of participating municipalities. This project overlapped with IFC's support to municipal development in the region of Fes-Meknes. The World Bank's ASA on urbanization included an urban logistics technical assistance and two phases of an urbanization review (FY17 and FY18).

Climate change became a prominent theme in the World Bank's strategy starting with the CPF FY14–17, which made sustainable development its second results area. CPF FY19–24 continued its effort through supporting policy reform in addition to large investments, committing more than US$4 billion in support to this outcome area. Throughout the period, the World Bank pursued a multipronged strategy, working on soil, coastal, and water resources management, increasing renewable energy generation and energy efficiency, and preventing and mitigating against natural disasters. World Bank operations included two Green Growth DPLs totaling US$600 million during the middle of the period (FY14 and FY16), part of a programmatic series seeking to support several policy areas including management of coastal and marine assets, water sector governance, low carbon growth, pollution management, green technologies in the agricultural sector, and diversification of rural revenues. In FY16, the World Bank also approved an integrated disaster risk management and resilience PforR for US$200 million and later financed a US$275 million DPL on disaster risk management with a catastrophe deferred drawdown option (FY20).

The World Bank also used ASA to help Morocco deal with climate change. There was early technical assistance support for strengthening crisis preparedness policies and processes (FY11) and, somewhat later, assistance for adapting infrastructure (such as roads) to climate change (FY16). Support through economic and sector work included an integrated risk management strategy and an assessment of the cost of environmental degradation (FY14 and FY17, respectively); in later years the World Bank shifted focus to climate change and the assessment of environmental and social risk management systems (FY19 and FY20).

IFC's support for sustainable development accounted for 15 percent of IFC approvals and 37 percent of the total IFC commitments. It involved financing of municipal investments in regional transport and roads targeting the underprivileged population in remote areas in Fes-Meknes and Casablanca-Settat regions, as well investments in renewable energy and climate change projects. IFC's municipal finance investments responded to the needs identified in the recent strategic documents to address regional infrastructure gaps, by diversifying the financing sources and strengthening the capacity of subnational entities to implement these projects. In 2017, IFC made a US$112 million investment in the green bond issued by a local bank to refinance renewable energy infrastructure projects in the country.

The Cross-Cutting Theme of Governance

All three country strategies included "governance" as a cross-cutting theme. Public sector management, accountability and transparency, and engagement of citizens were embedded across the three outcome areas mentioned above. Governance reforms were also tackled through two dedicated DPLs, which are part of a programmatic series on accountability and transparency. This was the first governance programmatic series initiated after the adoption of a new constitution in Morocco, on July 1, 2011, and its objective was to support the concretization of key new constitutional governance principles and rights, aimed at increasing transparency and accountability and enhancing citizen engagement and access to information. The first DPL of the series supported the first phase of the government's program to implement the constitution's key governance principles and rights, whereas the second sought to strengthen transparency and accountability in the management of public resources and foster open governance. The two DPLs totaled US$400 million and were approved in FY14 and FY16, respectively.

The World Bank also used ASA to support governance in Morocco. A total of 23 activities were approved throughout the period. Technical assistance and economic and sector work accounted for 17 of the 23 activities with 9 and 8 activities, respectively. Technical assistance supported broadband and e-government policy advice, reform of the justice sector, governance and territoriality, oversight and regulation of nonbank payment service providers, and supervision and regulation of financial conglomerates and crisis preparedness. Technical assistance support spanned the FY11–17 period, but five of the nine projects were approved between FY11 and FY13. In terms of economic and sector work, the World Bank's support came between FY11 and FY16 but again was concentrated on the FY11–13 subperiod, with half of economic and sector work projects approved then. The World Bank supported a road sector public expenditure and institutional review, two poverty programmatic economic and sector works, a World Bank governance review, a justice public expenditure review, and a Public Expenditure and Financial Accountability diagnostic.

Appendix D. Preliminary Partnerships Analysis

This appendix provides a preliminary overview of financing activities of the World Bank Group's development partners under implementation in Morocco during the evaluation period (fiscal years [FY]11–21). The data are sourced from the International Aid Transparency Initiative (IATI) platform.[1] However, these numbers should be treated with caution and as preliminary estimates. During the evaluation, the team will undertake further detailed sorting of the data to address remaining issues. In particular, the team will seek to harmonize data on World Bank operations consolidated on the IATI platform with data from the World Bank data platform.[2]

The evaluation will undertake further analysis of the activities of development partners in the various sectors and geographies in Morocco to assess specific dimensions of relevance. The objective of this analysis will be to better understand how, and to what extent, the Bank Group coordinated its efforts with development partners in the country to leverage its comparative advantages in relation to the development priorities of Morocco. Table D.1 provides a summary of the number of activities and commitments for the 10 largest organizations active in Morocco (and the International Finance Corporation) along with the totals for all organizations. These top 10 financiers accounted for 95 percent of total commitments during the period. Total commitments amounted to US$39.04 billion in 6,564 activities from 105 organizations.

[1] To ensure consistency and enable comparison, note that the information on World Bank Group operations is extracted from the International Aid Transparency Initiative (IATI) database and conforms to the IATI standard; therefore, the numbers for Bank Group operations differ slightly from the portfolio numbers reported in appendix C, which are extracted from Bank Group's internal data reporting systems.

[2] For example, IATI data include activities reported by AidData, which were World Bank projects, including the ones that would have led to a very large overestimation of commitments due to double counting. There were also some issues with the reporting of data from the United States Agency for International Development, due to which it was excluded from this analysis.

Table D.1. Top 10 Development Partners Active in Morocco between 2011 and 2021

No.	Organization Name	Organization Type	Commitment Amount (US$, millions)	Count of Activities	Proportion of Commitment (percent)
1	World Bank	Multilateral	9,972	48	26
2	African Development Bank	Multilateral	8,608	77	22
3	European Investment Bank	Other Public Sector	5,006	40	13
4	European Commission—Directorate-General for Neighbourhood and Enlargement Negotiations	Other Public Sector	3,264	829	8
5	Bundesministerium fur wirtschaftliche Zusammenarbeit und Entwicklung	Government	3,246	144	8
6	Agence Française de Développement	Government	2,307	102	6
7	European Bank for Reconstruction and Development	Multilateral	1,736	33	4
8	Millennium Challenge Corporation	Government	1,100	53	3
9	European Commission—International Partnerships	Other Public Sector	919	127	2
10	Directorate-General for Development Cooperation and Humanitarian Aid	Government	457	15	1
105	Total		39,045	6,564	100

Sources: IATI 2021; IMF 2021; World Bank 2021.
Note: Financing amounts converted to US$ based on annual average of daily exchange rates of the financing currency for the project start year. Average for 2021 is up to June 30. Organizations have not been aggregated based on their parent organizations to retain the granular reporting available in the database.

The evaluation will aim to analyze the division of labor among partners at the sector or outcome area level. Sectoral information regarding the activities, including the share of each sector in commitment, was available for a total commitment of US$23.23 billion in 3,944 activities from 86 organizations. The sector classification presented in table D.2 is based on Organisation for Economic Co-operation and Development Development Assistance Committee Creditor Reporting System purpose codes (3 digit). More granular analysis of the sectoral composition of activities using the 5-digit codes was also gathered and will be analyzed as part of the evaluation. A note on data gaps: in addition to activities without any sector mappings, activities that were not mapped to this sector classification were also excluded from the below analysis. One key gap in sector data arose due to missing information on European Investment Bank activities, which amounted to US$5 billion in commitments.

Table D.2. Top Sector of Activities of Development Partners in Morocco, Fiscal Years 2011–21

No.	Sector Category	Sum of Commitment Amount (US$, millions)	Count of Activities (Nonunique)	Proportion of Commitment (percent)
1	Banking and Financial Services	2,582	83	11
2	Transport and Storage	2,572	97	11
3	Water Supply and Sanitation	2,351	237	10
4	Agriculture	2,046	344	9
5	Other Multisector	2,019	252	9
6	Energy Generation, Renewable Sources	1,975	51	9
7	Government and Civil Society, General	1,409	1,093	6
8	Energy Policy	1,026	49	4
9	Health, General	849	120	4
10	Other Social Infrastructure and Services	766	399	3
11	Education (level unspecified)	646	170	3
12	Industry	630	131	3
13	Energy Distribution	615	9	3
14	Secondary Education	524	107	2
15	Administrative Costs of Donors	450	35	2
16	Trade Policies and Regulations	384	46	2
17	General Budget Support	311	67	1
18	Mineral Resources and Mining	307	13	1
19	Basic Education	258	157	1
20	Unallocated or Unspecified	249	145	1
40	Total	23,229	4,582	100

Sources: IATI 2021; IMF 2021; World Bank 2021.
Note: Financing amounts converted to US$ based on annual average of daily exchange rates of the financing currency for the project start year. Average for 2021 is up to June 30.

The evaluation will seek to leverage information on the geolocations of projects within sector for a more refined analysis of division of labor among partners. Information on geolocations of projects was available for a total commitment US$33.99 billion in 1,756 activities from 44 organizations. It should be noted that the large proportion of commitments that are geocoded is largely owing to the African Development Bank, World Bank, German Federal Ministry for Economic Cooperation and Development, European Commission, European Bank for Reconstruction and Development, and Agence Française de Développement. It will be possible to show the spatial distribution of the implementation sites of activities by the World Bank and development partners, respectively. For each activity implementation site, information on the sectors for the particular activity (at the activity level, not at the site level) is also available. This information will be analyzed to understand the spatial distribution of the different sectors for the World Bank and development partners to better understand if there are spatial patterns in the sectoral distribution of the activities of the two.

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