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Report No: PAD4632

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF EUR 315.5 MILLION
(US\$350 MILLION EQUIVALENT)

TO THE

KINGDOM OF MOROCCO

FOR A

BLUE ECONOMY PROGRAM FOR RESULTS (P172926)

April 28, 2022

Environment, Natural Resources, and the Blue Economy Global Practice
Middle East and North Africa Region

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CURRENCY EQUIVALENTS
Exchange Rate Effective as of March 31, 2022

Currency Unit

DH 1 = US\$0.1034

US\$1 = DH 9.6645

US\$1 = EUR 0.9013

GOVERNMENT FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANDA	National Agency for Aquaculture Development (<i>Agence Nationale pour le Développement de l'Aquaculture</i>)
ANEF	National Agency of Water and Forest (<i>Agence Nationale des Eaux et Forêts</i>)
ASA	Advisory Services and Analytics
BCR	Benefit-Cost Ratio
BE	Blue Economy
CESE	Economic, Social, and Environmental Council (<i>Conseil économique, social et environnemental</i>)
CNCP	National Commission for Public Procurement (<i>Commission Nationale de la Commande Publique</i>)
COA	Court of Accounts
COFOG	Classification of the Functions of Government
CPF	Country Partnership Framework
DAAG	Department of Administrative and General Affairs (<i>Direction des Affaires Administratives et Générales</i>)
DB	Department of Budget (<i>Direction du Budget</i>)
DEF	Department of Water and Forest (<i>Département des Eaux et Forêts</i>)
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
DPDPM	Department of Ports and Maritime Public Domain (<i>Direction des Ports et du Domaine Public Maritime</i>)
DPM	Department of Maritime Fisheries (<i>Département de la Pêche Maritime</i>)
E&S	Environmental and Social
E&SMS	Environmental and Social Management System
eGP	e-Government Procurement
EIA	Environmental Impact Assessment
ES	Ecosystem Services
ESIA	Environmental and Social Impact Assessment

ESMP	Environment and Social Management Plan
ESSA	Environmental and Social Systems Assessment
FM	Financial Management
FSA	Fiduciary Systems Assessment
GDP	Gross Domestic Product
GID	Integrated Expenditure Management (<i>Gestion Intégrée de la Dépense</i>)
GIR	Integrated Revenue Management (<i>Gestion Intégrée de la Recette</i>)
GoM	Government of Morocco
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IGAT	Inspectorate General for Territorial Administration (<i>Inspection Générale de l'Administration Territoriale</i>)
IGF	Inspectorate General of Finance (<i>Inspection Générale des Finances</i>)
INRH	National Institute of Fisheries Research (<i>Institut National de Recherche Halieutique</i>)
IRR	Internal Rate of Return
IT	Information Technology
IVA	Independent Verification Agency
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MAPMDREF	Ministry of Agriculture, Maritime Fisheries, Rural Development, and Water and Forests (<i>Ministère de l'Agriculture, de la Pêche Maritime du Développement Rural et des Eaux et Forêts</i>)
MEF	Ministry of Economy and Finance (<i>Ministère de l'Economie et des Finances</i>)
METLE	Ministry of Equipment, Transport, Logistics, and Water (<i>Ministère de l'Équipement, du Transport, de la Logistique et de l'Eau</i>)
MPA	Marine-Protected Areas
MSMEs	Micro, Small, and Medium Enterprises
MT	Minister of Tourism Handicrafts and Social and Solidarity Economy (<i>Ministère du Tourisme, de l'Artisanat, de l'Economie Sociale et Solidaire</i>)
MTEDD	Ministry of Energy Transition and Sustainable Development (<i>Ministère de la transition énergétique et du développement durable</i>)
MTEDDD	Department of Sustainable Development (<i>Direction du Développement Durable</i>)
NDC	Nationally Determined Contributions
NDM	New Development Model
NGO	Nongovernmental Organization
NPV	Net Present Value
ONMT	Morocco National Tourism Office (<i>Office National Marocain Du Tourisme</i>)
OPRC	Operations Procurement Review Committee
PAP	Program Action Plan
PDO	Program Development Objective
PDP	Performance-Based Budget (<i>Projet de Performance</i>)
PEF	Program Expenditure Framework
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program-for-Results
PIU	Program Implementation Unit

PMMP	Moroccan Public Procurement Portal (<i>Portail Marocain des Marchés Publics</i>)
POM	Program Operations Manual
PPD	Public Procurement Decree
PPP	Purchasing Power Parity
RA	Results Area
SC	Steering Committee
SDR	Regional Development Corporation (<i>Société de Développement Régional</i>)
SESA	Strategic Environmental and Social Assessment
SIBE	Site of Biological and Ecological Interest (<i>Sites d'Intérêt Biologique et Ecologique</i>)
SMEs	Small and Medium Enterprises
SMIT	Society of Tourism Engineering
SOE	State-Owned Enterprise
TA	Technical Assistance
TC	Technical Committee
TGR	Treasury of the Kingdom
TOC	Theory of Change
TOR	Terms of Reference
TSA	Treasury Single Account
UNFCCC	United Nations Framework Convention on Climate Change
US\$ / USD	US Dollar
WBG	World Bank Group

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Morocco	Blue Economy Program for Results	
Project ID	Financing Instrument	Does this operation have an IPF component?
P172926	Program-for-Results Financing	No

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Small State(s)	<input type="checkbox"/> Conflict
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)	
Expected Project Approval Date	Expected Closing Date
23-May-2022	31-Jul-2027

Bank/IFC Collaboration

No

Proposed Program Development Objective(s)

Develop Morocco's institutional frameworks, improve integrated management of natural resources, and strengthen selected sectors for a climate-resilient blue economy in Targeted Areas

Organizations

Borrower : Ministry of Economy and Finance

Implementing Agency : Ministry of Energy Transition and Sustainable Development

Contact: Rachid Firadi



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Implementing Agency : Department of Maritime Fisheries (DPM)
Contact: Fatima Zahra Hassouni
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Implementing Agency : Moroccan Society of Touristic Engineering
Contact: Jihan Touzani
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Implementing Agency : National Agency for the Development of the Aquaculture
Contact: Amine Mansouri
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Implementing Agency : Direction of Ports and Public Maritime Domain
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Implementing Agency : Department of Water and Forests
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Implementing Agency : Moroccan National Tourist Office (ONMT)

Contact: Hicham Bellaziz

Title: Financial director

Telephone No: 212-661-101-582

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Implementing Agency : National Institute for Fisheries Research (INRH)

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Title: General secretary

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COST & FINANCING

SUMMARY

Government program Cost	2,000.00
Total Operation Cost	438.90
Total Program Cost	438.90
Total Financing	438.90
Financing Gap	0.00

Financing (USD Millions)

Counterpart Funding	88.90
Borrower/Recipient	88.90
International Bank for Reconstruction and Development (IBRD)	350.00

Expected Disbursements (USD Millions)

Fiscal Year	2022	2023	2024	2025	2026	2027	2028
Absolute	0.00	48.94	59.16	84.44	93.32	54.27	9.87



Cumulative	0.00	48.94	108.10	192.53	285.86	340.13	350.00
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INSTITUTIONAL DATA

Practice Area (Lead)

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas

Agriculture and Food, Climate Change, Governance, Urban, Resilience and Land

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Substantial
8. Stakeholders	Substantial
9. Other	
10. Overall	Substantial

COMPLIANCE

Policy

Does the program depart from the CPF in content or in other significant respects?

Yes No

Does the program require any waivers of Bank policies?

Yes No



Legal Operational Policies

	Triggered
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

Legal Covenants

Sections and Description

Section I.A.1(b) of Schedule 2: No later than one hundred twenty (120) days after the Effective Date, or such later date as agreed by the Bank, establish and thereafter maintain, throughout Program implementation, a Steering Committee, chaired by the MEF, composed of representatives of the entities and institutions participating in the implementation, monitoring and evaluation of the Program, responsible for strategic oversight and guidance under the Program, all under terms and conditions acceptable to the Bank and described in the POM

Section I.B.1 of Schedule 2: The Borrower shall: (a) one hundred twenty (120) days after the Effective Date, or such later date as agreed by the Bank, adopt a manual under terms and conditions acceptable to the Bank (“Program Operational Manual” or “POM”)

Conditions



I. STRATEGIC CONTEXT

A. Country Context

- 1. The COVID-19 pandemic, together with a decline in agricultural production due to a drought, pushed the Moroccan economy into a recession in 2020 and led to an increase in poverty.** Real gross domestic product (GDP) contracted by 6.3 percent in 2020, and after several years in decline, the poverty rate (US\$3.2 purchasing power parity [PPP] per day) is estimated to have increased from 5.4 percent in 2019 to 6.6 percent in 2020 despite successful health and social programs. According to the High Commission of Planning, during the national lockdown, 74 percent of workers in the bottom quintile experienced a reduction in income, compared with 44 percent of workers in the top quintile. The loss in monthly income was also more pronounced in the bottom quintile 66 versus 32 percent, respectively. Those most affected were working in the urban, informal sector with precarious jobs in the services and crafts sectors.¹
- 2. After a strong performance in 2021, the economy is subject to new shocks in 2022, including the most severe drought of the last 40 years and the global disruptions caused by the war in Ukraine.** The Moroccan economy rebounded to 7.4 percent in 2021, owing to a strong agricultural output, solid exports, and remittances. However, real GDP is still 6.4 percent below the pre-pandemic trend, a gap that may increase further in 2022 due to the impact of yet another drought. Following the sharp increase in poverty in 2020, living conditions started to progressively normalize in 2021; poverty at US\$3.2 line (2011 PPP) and extreme poverty at US\$1.9 line (2011 PPP) reached 5.8 percent and 0.7 percent, respectively. The combined effect of the drought and the war in Ukraine will intensify inflationary pressures, with the food and the non-food Consumer Price Index having reached 5.5 percent and 2.5 percent (year-on-year), respectively, in February 2022. Also, the impact of rising prices increases fiscal outlays (as currently subsidies for wheat, sugar, and LPG are in place) and hence complicates monetary and fiscal policy. Growth is expected to slow substantially to 1.1 percent in 2022, and Morocco's twin deficits could increase further. In this difficult context, measures to support the most vulnerable as well as the broader planned social dialogue will be crucial.
- 3. The Government of Morocco (GoM) considers the 'blue economy' (BE) as a tool to boost job creation and economic growth.** In 2019, His Majesty King Mohammed VI called for a New Development Model (NDM) to close the country's development gaps. A Special Commission appointed by His Majesty the King published the NDM in May 2021, which includes a recommendation for the country to harness the full potential of its BE and develop existing and emerging blue sectors such as aquaculture, seaweed farming, and marine renewable energy. As a mechanism to boost the BE, the NDM calls for the development of 'coastal clusters' which attract investments, wealth, and jobs while ensuring sustainability.
- 4. Morocco needs to urgently address the growing impacts of climate change to develop an inclusive and resilient BE.** Climate change could threaten Morocco's economy as 81 percent of industries are concentrated in coastal areas and may be susceptible to sea level rise and storm damage. Coastal erosion threatens more than half of Morocco's shoreline, which can cause economic loss through damage

¹ World Bank. 2021. *Morocco Macro and Poverty Outlook*. April 2021.



to coastal communities and lost tourism revenues.² Poor households are known to suffer the greatest economic losses from extreme weather events. Low-income, marginalized populations, especially women, youth, rural populations, and small enterprises along the coast,³ are vulnerable as they often lack resources to adapt to intensifying weather events⁴ such as floods, landslides, droughts, and heat waves. Increased poverty due to the COVID-19 pandemic has further limited the capacities of residents to cope with these challenges.⁵ In 2020, Morocco ranked 121 in the Human Development Index assessed by the United Nations Development Programme due to the global climate risks (for example, rising temperatures and declining rainfalls).

5. **Against this backdrop, the GoM is launching a national BE program to build a more inclusive and resilient BE.** The government program aims to improve (a) economic growth and job creation, (b) food security, and (c) sustainability and resilience of natural resources. Especially, the food security objective has assumed increased importance over the past weeks given the impact of the war in Ukraine. The program will contribute to the Coastal Law⁶ objectives and is fully aligned with the country's updated National Determined Contributions (NDC)⁷ under the United Nations Framework Convention on Climate Change (UNFCCC). Given the wealth of marine and coastal assets of the country, Moroccan coasts offer significant opportunities for job creation, equitable recovery from the pandemic, and increased resilience in the face of climate change.

B. Multi-Sectoral and Institutional Context

The Growth Potential of the BE in Morocco

6. **With its rich blue assets in the Mediterranean Sea and the Atlantic Ocean, Morocco has high potential for developing its BE.** The country has a wealth of marine resources underpinned by high biodiversity with 600 identified fish species. In total, Morocco's coastal areas contribute 59 percent of GDP and provide 52 percent of jobs in the country. The fisheries sector alone contributes 1.5 percent of GDP and provides 700,000 direct and indirect jobs. According to the Exchange Office (*Office des Changes*), exports from the fisheries sector account for 7.1 percent of the total export. In 2021, the GoM set a target to create 450,000 jobs in maritime fishery and the agri-food industry within five years, as part of the overall efforts to create new jobs and help the national economy recover from the pandemic. The Government's 2020 Halieutis Strategy⁸ identified aquaculture as a subsector with high growth potential as international and domestic demand for seafood is steadily growing. The main bottlenecks of the subsector's growth, identified so far, are lack of technical capacity and limited access to financing. With additional investments and capacity development, the subsector could play a key role in addressing fishing pressures and contributing to food security.

² Heger, Martin Philipp, Lukas Vashold, Anabella Palacios, Mala Alahmadi, Marjory-Anne Bromhead, and Marcelo Acerbi. 2022. *Blue Skies, Blue Seas: Air Pollution, Marine Plastics, and Coastal Erosion in the Middle East and North Africa*. Middle East and North Africa Development Report. Washington, DC: World Bank.

³ World Bank. 2018. *Morocco Country Profile*; Think Hazard! (a natural disaster risk screening tool); World Bank. 2016. *Morocco Climate Adaptation Briefing*.

⁴ Wodon, Quentin and Andrea Liverani. 2014. *Impact of Weather Shocks on MENA Households*. World Bank Group.

⁵ World Bank. 2021. *Climate Risk Profile: Morocco*.

⁶ Law 81-12 of July 15, 2015, related to the coast.

⁷ GoM. 2021. *Nationally Determined Contributions*.

⁸ The strategy was launched in 2009 and it is currently being updated.



7. **Coastal tourism is another key sector for Morocco's BE.** In 2019 and at the national level, the tourism sector provided 500,000 direct jobs and more than 2.5 million indirect jobs, representing 7 percent of national GDP. Blue tourism, that is, jobs in tourism in coastal provinces, amounts to more than 300,000 jobs.⁹ This is the segment of the activity that relies directly on the natural assets of coastal areas, which in some cases are under the pressure of different drivers of degradation. The GoM has set the Morocco Tourism Vision 2020 to further develop sectoral competitiveness and is preparing a new sector development strategy in the wake of the COVID-19 pandemic, focused on creating investment opportunities and jobs through (a) developing new tourism development zones and (b) providing technical and financial support for micro, small, and medium enterprises (MSMEs). Based on the strategy, for example, the Government has prioritized the development of Aghroud in the Souss-Massa region to attract private investments. This project is of particular importance to boost investments in the sector, which was severely affected by the pandemic. In 2020 and 2021, Morocco saw 71 percent reduction of tourist arrivals compared to 2019 and the loss of revenue amounted to around US\$9.54 billion.¹⁰

8. **Other activities and blue sectors also have the potential for future growth.** These include the energy sector, with offshore wind energy, and the water sector with desalination. Emerging marine activities such as marine biotechnology could further help grow Morocco's BE. To strengthen economies around ports, the Government has launched the National Port Strategy for 2030 and port hubs.

Threats to the BE: Climate Change and the Degradation of Marine and Coastal Ecosystems

9. **The degradation of marine and coastal ecosystems is a threat to Morocco's BE.** It costs US\$260 million per year, equivalent to 0.27 percent of Morocco's GDP.¹¹ In addition, both the Mediterranean Sea and the Atlantic Ocean are facing increasing overexploitation of fishery resources.¹² In the Mediterranean, 75 percent of fish stocks are subject to overfishing, although recently there have been signs of recovery.¹³ In addition, illegal, unreported, and unregulated fishing puts pressure on already vulnerable fish stocks.

10. **Morocco's coastal ecosystems are vulnerable to climate change impacts.**¹⁴ Approximately 54 percent¹⁵ of the coastline is subject to coastal erosion. On average the sandy beach shoreline is retreating 12 cm per year on the Atlantic coast and 14 cm on the Mediterranean coast.¹⁶ Sea level rise may submerge half of the beach areas by 2050 and 72 percent by 2100, potentially affecting 187,400 people by flooding. Overextraction of water in coastal regions is causing saltwater intrusion in aquifers and salinization of agricultural land in these regions. Rising demand for fresh water further intensifies pressure on aquifers and creates challenges for economic activities that rely on this supply. Further details of the climate context are presented in annex 8.

⁹ World Bank. 2021. *Technical Note: Building Forward Blue in Morocco*.

¹⁰ Bladi.net. 2022. *Tourisme : le Maroc a perdu 90 milliards de dirhams en 2 ans*. [Tourism: Morocco has lost 90 billion dirhams in 2 years] <https://www.bladi.net/tourisme-maroc-pertes,90262.html>

¹¹ World Bank. 2021. *Technical Note: Building Forward Blue in Morocco*.

¹² FAO. n.d. *General Situation of World Fish Stocks*. <https://www.fao.org/Newsroom/common/ecg/1000505/en/stocks.pdf>

¹³ FAO. 2020. *The State of Mediterranean and Black Sea Fisheries*.

¹⁴ World Bank. 2021. *Morocco Climate Risk Profile*; GoM. 2021. *Nationally Determined Contributions*.

¹⁵ Luijendijk, A., G. Hagenaars, R. Ranasinghe, et al. 2018. "The State of the World's Beaches." *Sci Rep* 8: 6641.

¹⁶ Snoussi, Maria, Otmane Khalfaoui, Latifa Flayou, Siham Kasmi, and Otmane Raji. 2017. "Can ICZM Help the Resilience of Disappearing Beaches in the Face of Climate Change?" In *Euro-Mediterranean Conference for Environmental Integration*, 29–30. Springer, Cham.



Call for Strengthening Sectors for a Climate-Resilient and Inclusive BE

11. **The resilience of BE sectors must be strengthened to adapt to climate change.** Morocco has made significant progress in climate change mitigation and adaptation measures to “make its territory and civilization more resilient to climate change while ensuring a rapid transition to a low-carbon economy.”¹⁷ However, BE sectors require additional financial and technical investments to develop capacity, pilot innovative climate-smart technologies, and establish new climate-resilient models. For example, fisheries are vulnerable to meteorological and oceanographic shifts, which could affect the distribution, abundance, migration, and reproductive patterns of important commercial fish species.¹⁸ Tourism is also vulnerable to climate change impacts as rainfall and temperature influence visits and extreme weather events affect tourism infrastructure and associated public services, such as water and electricity supply.

Key Bottlenecks and Opportunities for the Development of a Climate-Resilient and Inclusive BE

12. **The GoM has identified that fragmented policies and budget planning and limited intersectoral cooperation across blue sectors are undermining the potential of the BE.** Recognizing this challenge, the Government initiated integrated planning through the adoption of its Coastal Law in 2015, national and regional coastal plans, and the National Sustainable Development Strategy. However, the blue sectors share no coordinated strategy. Consequently, siloed sector-based approaches have led to inefficient resource use and, in some cases, caused user conflicts over space and resources. The lack of coordination also reduces investment opportunities, undermining the potential for job creation, particularly for women and the youth, and business development for groups as artisanal fishers, who are underrepresented in the blue sectors. Regarding employment, aggregate statistics are available for female employment in the agriculture sector (59 percent), services (29 percent) and industry (12 percent) in Morocco. However, their contributions to fishery, forestry, coastal waste management, tourism and other BE sectors are invisible due to the lack of sex disaggregated data for these sectors. In addition, the limited participation of women in the blue sectors has led to insufficient participation in decision making related to the blue economy.

13. **The development of the BE needs to take place through close coordination between national and regional levels.** The Government has recently launched a decentralization process (*regionalization avancée*) that requires the establishment of public policy coordination procedures at the regional level. The NDM comes to confirm this approach, calling for innovation and the mobilization of the private sector to develop the comparative BE sector advantages of each region with a coastline.

14. **This background, the BE sectors’ potential, and the aspirations expressed in of the NDM call for developing Morocco’s institutional framework and strengthening the blue sectors for a climate-resilient BE.** For this to happen, the government program is being structured, with the support of the Program-for-Results (PforR), to respond to two main areas affecting the development of the BE: (a) addressing the limitations of the existing horizontal and vertical coordination mechanisms and the lack of an integrated information systems to support an integrated institutional framework for the BE and (b) focusing on a set of selected sectoral development issues for which systemic improvements are needed to improve coastal protection and promote sustainable investments in key BE sectors to drive economic growth and recovery

¹⁷ GoM. 2021. *Nationally Determined Contributions*.

¹⁸ World Bank. 2013. *Changement Climatique et Secteur Halieutique: Impacts et Recommandations*; FAO. 2018. *Impacts of Climate Change on Fisheries and Aquaculture*. [Climate Change and the Fisheries Sector: Impacts and Recommendations]



from the COVID-19 pandemic. In this regard, Morocco is positioned as a committed player in the global and regional agenda to develop a sustainable and inclusive BE.

C. Relationship to the CPS/CPF and Rationale for Use of Instrument

15. **The proposed Program is fully aligned with the World Bank Group (WBG) Country Partnership Framework (CPF) (2019–2024) for Morocco.**¹⁹ The PforR will contribute to the following objectives: (a) CPF Objective 2²⁰ under the strategic focus area A²¹ by strengthening the enabling environment for the private sector through the creation of opportunities for business development and leveraging disruptive technologies in BE sectors and (b) CPF objectives 8²² and 10,²³ under the strategic focus area C,²⁴ by supporting the Government to implement its disaster risk management strategy and operationalize its climate adaptation program, with a focus on marine and coastal resources.

16. **The Program is also consistent with the World Bank Climate Change Action Plan (2021–2025).**²⁵ The Program supports the GoM in developing climate-resilient BE and implementing actions to protect marine and coastal ecosystems in line with Morocco's updated NDC. The PforR will finance mitigation and adaptation measures such as the creation of marine-protected areas (MPAs), strengthening of research on marine resources, and coastal restoration and reforestation.

17. **The Program contributes to key elements of the Middle East and North Africa Regional Strategy²⁶ and the WBG Environment Strategy 2012–2022.**²⁷ The Program will contribute to restoring trust with transparency and improved access to information related to the health of marine and coastal ecosystems and engage citizens in an inclusive manner. Through the conservation and management of blue assets, the Program will enhance the natural capital necessary to create jobs and generate transformation, particularly in the tourism and fisheries sectors. The Program will also address critical gender gaps in blue sectors in alignment with the World Bank Middle East and North Africa Regional Gender Action Plan (FY18–23). Finally, the design of the Program will encourage the integration of youth and promote digital technologies as part of its policy, institutional, and investment solutions.

18. **The PforR is the most appropriate instrument to support the development of BE based on the following considerations:**

- (a) **Support for the development of the government program.** The PforR instrument is central to the government BE program and provides specific tools and incentives for inter-sectoral coordination and actions toward a common national objective to develop the BE. It will therefore enhance the overall government institutional capacity to implement and achieve the Program's intended results.

¹⁹ Report No. 131039 discussed by the Executive Board of Directors on February 19, 2019.

²⁰ Increase Opportunities for Private Sector Growth with a Focus on MSMEs and Youth.

²¹ Promoting job creation by the private sector.

²² Improve Performance of Key Infrastructure Delivery Services of Cities and Agglomerations.

²³ Strengthen Adaptation to Climate Change and Resilience to Natural Disasters.

²⁴ Promoting Inclusive and Resilient Territorial Development.

²⁵ World Bank. 2021. *Climate Change Action Plan (2021–2025)*. <https://openknowledge.worldbank.org/handle/10986/35799>

²⁶ World Bank. 2021. *Middle East and North Africa: Looking Forward*.

<https://www.worldbank.org/en/region/mena/publication/middle-east-and-north-africa-looking-forward>

²⁷ World Bank. 2012. *Toward a Green, Clean, and Resilient World for All: A World Bank Group Environment Strategy 2012–2022*.



- (b) **Incentive framework aligned with Morocco’s performance-based budget.** The PforR instrument enables targeted and result-oriented interventions based on the existing performance-based budget (*Projet de performance*, PDP) system. It allows streamlining of the budget planning system by promoting multisectoral programming and investments over the medium and long term. In addition, the participating ministries have the following incentives: (i) maintain and improve budget allocations from the Ministry of Economy and Finance (*Ministère de l’Economie et des Finances*, MEF) by demonstrating their performance, (ii) obtain high visibility of their activities in a newly launched government program and in collaboration with other sectors and regions, and (iii) realize potential opportunities to receive technical assistance (TA) by the World Bank and other development partners to enhance their existing systems.
- (c) **Morocco’s substantial experience with PforRs.** The GoM has a long-standing experience with the PforR instrument. The Program will build on previous successful PforR operations such as the Morocco National Initiative for Human Development 2 (P116201)²⁸ and the ongoing Morocco Public Sector Performance Program (P169330) and Morocco Green Generation Program-for-Results (P170419).
- (d) **Opportunities for strengthening the country system.** The PforR instrument offers the opportunity to strengthen the existing country systems: the budget planning system and environmental and social (E&S) management and fiduciary systems. The proposed Program will expose a set of government departments to international social and environmental standards what will represent an improvement in their systems.

II. PROGRAM DESCRIPTION

A. Government Program

19. **The GoM’s is creating a new and transformative national BE program to unleash the potential of the BE by sustainably developing marine and coastal areas through improved vertical and horizontal institutional coordination, within and between the concerned sectors.**²⁹ The government program has three pillars: (a) national food security, (b) economic development and employment creation, and (c) protection and utilization of natural resources. This program is in line with strategic guidelines and confirms the Government’s firm commitments to the BE. These guidelines include (a) the Royal statements of November 7, 2020; (b) the recommendations of the General Report on the NDM of April 2021; and (c) the recommendations of the Economic, Social, and Environmental Council (CESE)³⁰ report

²⁸ IEG. 2016. *Program-for-Results. An Early-Stage Assessment of the Process and Effects of a New Lending Instrument*. <https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/program-for-results-full.pdf>.

²⁹ Ministry of Finance (2021): Official communication sent to ministries/departments participating in the launching phase of the new BE Program as potential implementing entities.

³⁰ The CESE is an independent constitutional institution, set up by His Majesty King Mohammed VI on February 21, 2011. It carries out advisory missions on major development guidelines, economic and social public policies, and those concerning sustainable development and advanced regionalization.



(2018),³¹ which defined the content and goals of the national BE program. The government program will be national in scope, and its implementation period will be aligned with the NDM (2022–2035).

20. **The government program establishes the BE as a comprehensive cross-sectoral development framework for coastal and marine areas in which sectors and regions will cooperate to maximize the benefits from the sustainable use of marine and coastal assets.** A BE strategy will set the vision of the program, long-term goals, and overall directions, and it will be finalized by the third year of the program, after extensive consultations. During the initial phase, the program will be guided by sectoral strategies³² and the recommendations by the CESE. The government program will include policy interventions and investments, which will be granted based on the potentials of each region.³³ The program will also create the enabling environment for domestic and foreign investors to develop the BE and support public and private partnerships.

21. **A first phase of the government program starts by aggregating ministerial program budgets (2022–2026), with an estimated amount of US\$2 billion, consistent with the activities proposed in their respective budget plans.** These sector programs contribute directly to the three strategic pillars of the government program and are duly budgeted. The program will be coordinated by the MEF and implemented by all sectors concerned and regions involved in BE activities. The first phase of the government program will focus on a subset of sectors, with additional sectors being progressively included based on a tiered approach. The government program is consistent with the provisions of Article 17 of the Finance Law that defines investment expenditures which are allocated mainly for strategic development plans and multiyear programs to protect national heritage.

22. **The government program will pilot a new mode of inter-ministerial and vertical coordination in line with the NDM and consistent with the BE concept.** One of the main vehicles of the program to ensure consultation and collaboration will be an inter-ministerial commission for the BE, consisting of all relevant actors related to coastal and maritime activities. The commission will be established under the Office of the Chief of the Government to guide the preparation and implementation of the BE strategy and ensure that sectoral strategies will be coherent with the integrated approach. This commission will help streamline public investment in the BE and promote coordinated programming and budgeting.³⁴

23. **The government program will replicate the same coordination approach at the regional level, seeking convergence among the interventions of ministerial departments and involving regional actors.** At the regional level, the government program incorporates the promotion of coastal cluster approaches as a mechanism to facilitate the aggregation and convergence of regional policies and public investments and covers both public programs and projects as well as private investment toward economic growth and job creation while ensuring sustainable resource management.

³¹ CESE. 2018. *L'économie bleue : pilier d'un nouveau modèle de développement du Maroc*. [The blue economy : pillar of a new development model for Morocco]

³² These strategies include the National Sustainable Development Strategy (2017–2030); the Tourism Development Strategy; the Halieutis Strategy (being updated); the National Port Strategy - Horizon 2030; and the Forest Strategy 2020–2030.

³³ The Government will analyze these potentials under the Program, building on the existing studies such as DPDPM. n.d. *Étude d'élaboration du Schéma Directeur de Valorisation du Domaine Public Maritime à L'horizon 2035*. [Study for the elaboration of the Master Plan for the Valorization of the Public Maritime Domain in the horizon 2035]

³⁴ The vertical and horizontal coordination on programming and budgeting will be carried out based on the Finance Law.



24. **The government program, through the inter-ministerial commission, will have three main functions to facilitate investments and strengthen the BE in a coordinated way: information, consultation, and decision-making functions.** The information function will include the creation of a data portal on the BE, including socioeconomic and environmental indicators. Under the consultation function, the program will use the inter-ministerial commission to analyze and discuss the three-year programming, annual investment budgets of BE sectors and regional projects. The consultation process will lead to the decision-making function, where sectors associated with the national program will seek complementarity, analyze trade-offs, and resolve conflicts of use. The inter-ministerial commission thus plays a crucial role in ensuring a sustainable BE development, balancing development, and conserving natural resources. Thus, the government program will be a medium-term planning tool that will allow each sector to adjust its projects by having a better knowledge of other projects and following a collaborative approach. Under the MEF's coordination, the program will organize concerted program evaluations that will inform adjustments to be included in the draft annual Finance Laws.

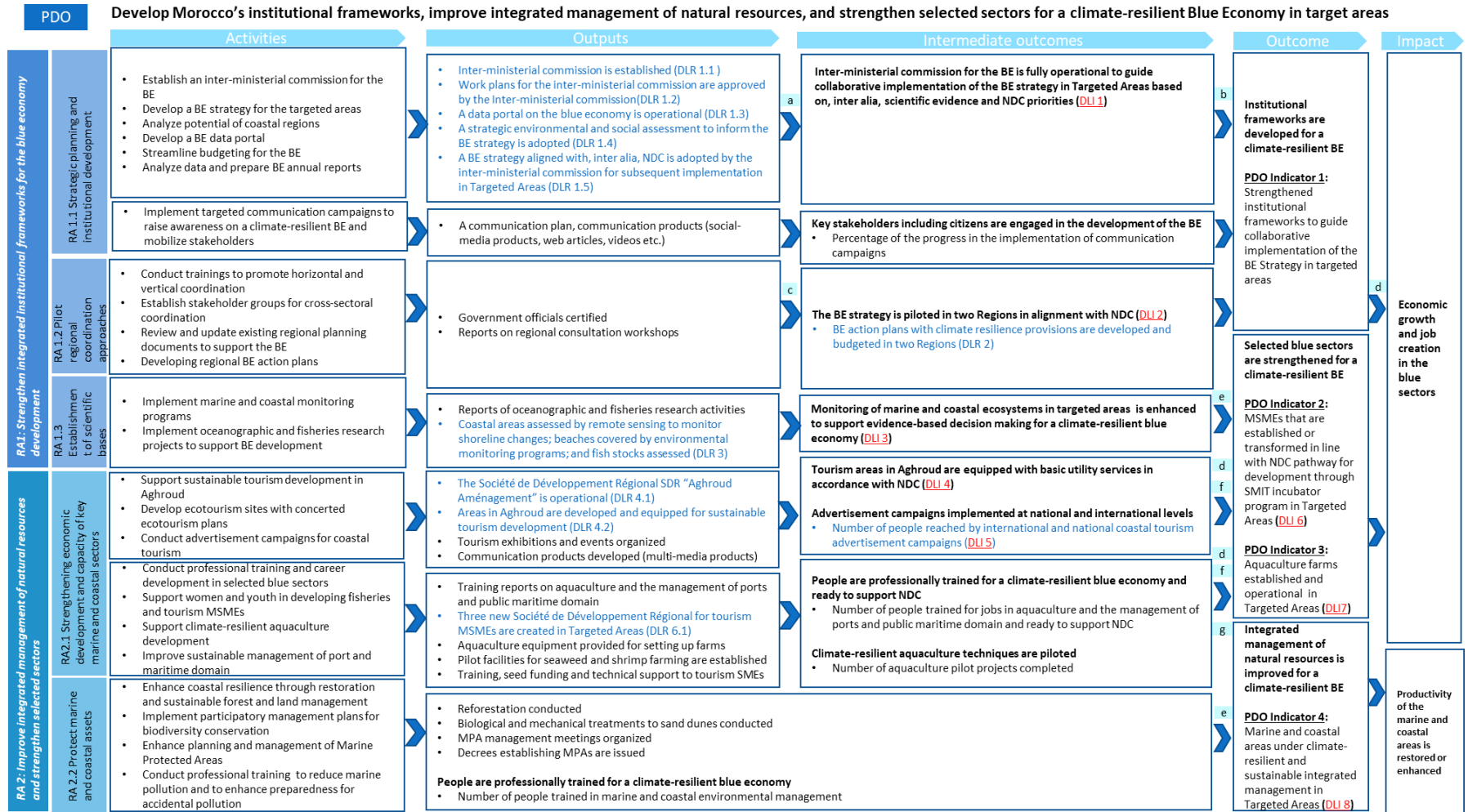
25. **The GoM and the World Bank have entered into a partnership to develop this new government BE program.** The PforR will contribute to the Government's long-term vision by developing institutional frameworks and strengthening selected blue sectors. It seeks to support the development of a new operational model, bringing in all stakeholders, to initiate the transition to an inclusive and climate-resilient BE. The PforR will contribute to the refinement and detailed definition of the government program. The Government has applied a set of selection criteria and chosen priority sectors for the initial phase of the national program. The PforR will benefit the entire government program, especially by establishing the institutional foundation and supporting priority BE activities. The PforR will focus on results areas (RAs) that build the foundation of the government program.

B. Theory of Change

26. **Figure 1 presents the theory of change (TOC) of the Program.** The key challenges that the Program will address include (a) limited horizontal coordination across blue sectors; (b) limited policy coherence across governance levels to form coastal clusters at the regional and local levels; (c) limited public interventions to create an enabling environment for the key BE sectors for a resilient recovery from the COVID-19 pandemic; and (d) degradation of ecosystems and their resilience to climate change, which are undermining the productivity of the BE sectors. Therefore, the PforR will support interventions at the national level through institutional coordination and provide targeted investments at the regional and local levels to strengthen the blue sectors. Key assumptions required for the Program's success are as follows: (a) there is willingness and political commitment across the blue sectors to work toward a common vision of the national BE program under the MEF's coordination (which has been confirmed during the Program preparation phase); (b) the Government supports the BE approach even in the events of political changes as this is a key driver of economic growth; (c) regional stakeholders are willing to work in line with the BE strategy and pilot coastal cluster approaches; (d) there are no major political or natural crises that significantly affect the productivity of the blue sectors (for example, prolonging COVID-19 pandemic or new health crises); (e) scientific knowledge and monitoring data are used to improve planning of activities as well as policy making, which is becoming essential given the effects of climate change; (f) the private sector responds to the investment opportunities created by the public interventions in coastal tourism and aquaculture as evidenced by the Program technical assessment; and (g) the Government provides sufficient incentives to target youth and women for their participation in blue sectors, which is mainstreamed in the Program design.



Figure 1. Theory of Change



Note: DLI = Disbursement-linked indicator; DLR = Disbursement-linked result; PDO = Program Development Objective; MSMEs = Micro, small and medium enterprises.



C. PforR Program Scope

27. **The PforR's scope and boundaries are defined based on the following considerations:** (a) the Program aims to establish the foundation of the government program by developing a new institutional framework; (b) the Program interventions focus on building blocks of the government program to catalyze transformational changes and strengthen key blue sectors for the recovery of the economy from the COVID-19 pandemic; (c) the Program activities are registered in the Finance Law 2022 and duly budgeted as part of the government budget; (d) the Program excludes activities which are highly complex and have a large social and environmental footprint; (e) the Program implementation period is 2022–2027; and (f) the Program covers the targeted coastal regions and provinces listed in the Program Operations Manual (POM), including the regions of Tangier-Tetoauan-Al Hoceima, Casablanca-Settat, and Souss-Massa. All these regions will be the location for Program interventions. The Tangier-Tetoauan-Al Hoceima and Souss-Massa regions have been selected to support the piloting of coordination mechanisms to the development of the BE at the regional level. Figure 2 presents the Program boundary and describes how the PforR interventions contribute to the three pillars of the government program.³⁵

28. **The PforR builds on the long-term partnership between the GoM and the World Bank on coastal development.** The PforR builds on experience and lessons learned from the Inclusive Green Growth DPL (P127956), which set the basis for the approval of the Coastal Law and the preparation of the National Coastal Plan as well as the Integrated Coastal Zone Management Project (P121271), which was essential to pilot integrated coastal management. The analytical and technical support provided by the programmatic Advisory Services and Analytics (ASA) for North Africa Blue Economy and Coastal Management (P170596) helped the GoM recognize the BE as an approach to build back better from the COVID-19 crisis.

29. **The PforR is structured around two inter-linked RAs that contribute to the government program.** RA 1 (Strengthen integrated institutional frameworks for blue economy development) supports the development of institutional frameworks (a new inter-ministerial commission and regional coordination mechanisms) to strengthen vertical and horizontal coordination. RA 2 (Improve integrated management of natural resources and strengthen selected sectors) is operational and focuses on investments in key blue sector activities to foster a climate-resilient BE to recover from the COVID-19 pandemic and protect the ecological integrity of the coast and maritime resources. Strategic planning and coordination established under RA 1 are expected to enhance the outcomes of RA 2 by supporting synergies and cooperation across sectors. This will be immediately supported by the creation of the inter-ministerial commission and the coordination mechanisms at the regional level. The Program activities are selected based on their alignment with the objectives of the government program (see Section II.A), their impact on regional development, their potential contribution to clustering and coordination, and their moderate to low E&S risks. The selection of the Program areas of support has been strategically made to (a) establish policy and provide an institutional and scientific foundation for the BE; (b) support the development of key BE sectors, namely fisheries and coastal tourism; (c) stimulate the participation of women and youth in BE sectors; and (d) conserve and restore coastal areas to ensure the sustainability and climate resilience of the BE. Further details of the activities are included in annex 3.

³⁵ The PforR contributes to food security by incentivizing research and innovation for fisheries and aquaculture, diversifying income-generating activities, increasing competitiveness with capacity development, and restoring fish stocks through MPAs.



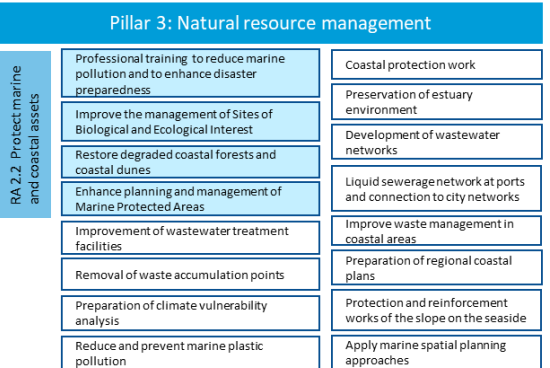
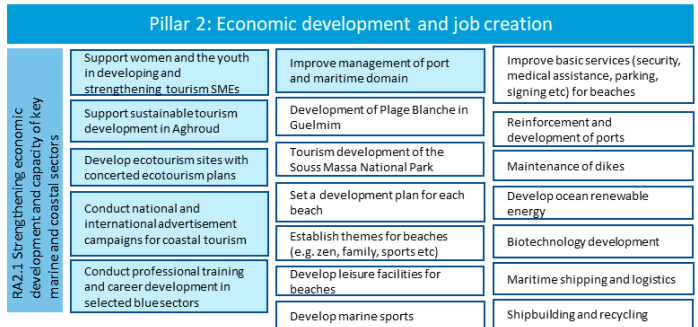
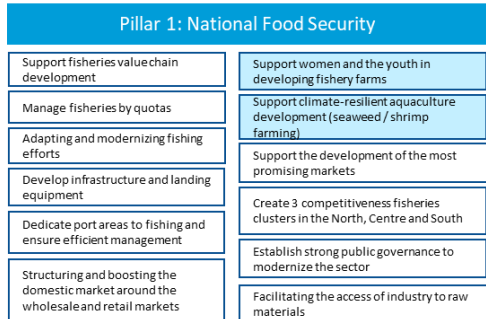
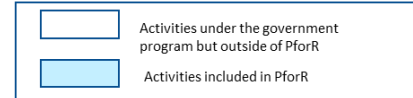
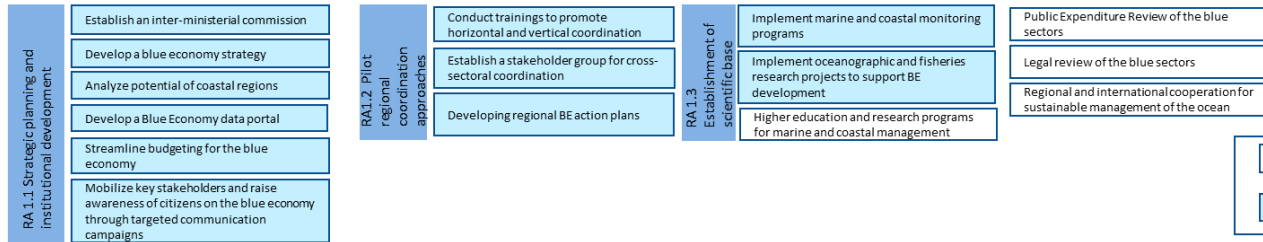
Figure 2. PforR Boundary

Government Blue Economy Program (~US\$ 2 billion/5 years)

Time 2021-2035
Location Entire country

Objectives: Unleash the potential of the blue economy by developing marine and coastal areas

Cross-cutting issues



PforR Program (Total US\$ 438.90: Bank: US\$ 350M; Gov. US\$ 88.90 M)

Time FY 2023-2027
Locations Selected coastal regions

Objective: Develop Morocco's institutional frameworks, improve integrated management of natural resources, and strengthen selected sectors for a climate-resilient Blue Economy in targeted areas



RA 1: Strengthen integrated institutional frameworks for blue economy development

30. The Program will generate a transformational change by establishing a new collaborative operating model among the sectors and the regions to develop the BE and improving the budget planning system to deliver results toward common national development objectives.³⁶ This RA will bring about systemic improvements in developing marine and coastal areas in an integrated manner. This transformational process will be led by an inter-ministerial commission including the ministries and departments of the key blue sectors as well as the targeted regions to ensure a common approach to the BE. The process will use behavioral insights and a collaborative leadership approach to facilitate cooperation. To implement the BE strategy in targeted areas, the Program will support the development of regional-level planning tools that will coordinate and integrate sectors to form coastal clusters. The strengthening of an integrated framework for the BE under RA 1 will be achieved through the three complementary sub-RAs.

31. **Sub-RA 1.1: Strategic planning and institutional development**, establishing the institutional foundation for the GoM to develop its BE and identify potential coastal clusters. The Program will support the following activities: (a) establishing an inter-ministerial commission for the BE, coordinated by the MEF; (b) developing a climate-resilient BE strategy in line with NDC for the targeted areas, spear-headed by the MEF and validated by the inter-ministerial commission; (c) preparing a Strategic Environmental and Social Assessment (SESA) of the BE strategy led by the MEF; (d) analyzing the potential of targeted coastal regions, implemented by the MEF; (e) developing a BE data portal³⁷ led by the MEF; (f) streamlining budgeting of BE activities, led by the MEF; and (g) mobilizing key stakeholders and raising awareness of citizens on a climate-resilient BE through targeted communication campaigns, led by the Department of Sustainable Development of the Ministry of Energy Transition and Sustainable Development (*Département du développement durable*, MTEDDD).

32. **Sub-RA 1.2: Pilot regional coordination approaches**, applying intersectoral coordination at the regional level in two selected coastal regions: Souss Massa and Tangier-Tetouan-Al-Hoceïma. The MEF, together with the sectors involved in the Program, will implement the activities in close consultation with the Directorate of Local Governments (*Direction Générale des Collectivités Territoriales*, DGCT) of the Ministry of Interior (MI). In each pilot region, a regional coordination group, composed of representatives from the sectors involved in the Program, will be set up to coordinate the activities. Either the Program Implementation Unit (PIU) or a sector, which has the highest number of activities in the respective region, will coordinate the group. The activities will involve beneficiaries at the regional level such as regional public institutions, private companies, research institutions, and nongovernmental organizations (NGOs). These activities will be the basis for future coastal clusters. The activities supported by the PforR will include (a) conducting trainings for government officials to promote the uptake of the BE through collaborative leadership approach; (b) promoting and identifying private sector participation in the BE, (c)

³⁶ The horizontal and vertical coordination of the BE derives from adjustments to government policies carried out each year to prepare the country's Finance Law. With the Finance Law as a framework at the national level, the inter-ministerial commission will coordinate regionalization process and adjust the investment proposals submitted by sectoral departments in their three-year project proposals.

³⁷ This activity is informed by World Bank. 2021. *Policy Note on Government Coordination and Data for Better Policy-Making and Implementation*.



conducting events to promote vertical and horizontal coordination for the BE, and (d) developing and budgeting regional BE action plans aligned with and contributing to the BE strategy and NDC.

33. **Sub-RA 1.3: Establishment of scientific bases**, improving scientific knowledge for evidence-based decision making. The Program will support the following key BE interventions: (a) strengthening the following marine and coastal monitoring programs in targeted areas: (i) existing environmental monitoring programs by MTEDDD on bathing water quality, sediments, biota, and sea- and land-based pollution; (ii) fish stock monitoring by the National Institute of Fisheries Research (*Institut National de Recherche Halieutique*, INRH); and (iii) monitoring programs by the Directorate of Ports and Maritime Public Domain (*Direction des ports et du Domaine Public Maritime*, DPDPM) on shoreline changes with the support of the Royal Center for Remote Sensing (*Centre Royal de Télédétection Spatiale*) using high-resolution satellite images and (b) supporting oceanographic studies and fisheries research and development projects led by INRH within targeted areas.

RA 2: Improve integrated management of natural resources and strengthen selected sectors

34. The Program will use the integrated institutional frameworks established under RA 1 to assist the following activities in targeted areas: (a) supporting sustainable tourism and the development of the aquaculture subsector, (b) conducting professional trainings in the BE sectors, and (c) protecting and managing ecosystem services (ES) and enhancement of climate resilience in targeted areas. While sustainably managing natural resources, this RA will facilitate job creation and economic growth in the blue sectors to stimulate economic recovery from the COVID-19 pandemic. The RA also contributes to food security by establishing aquaculture farms (shellfish and seaweed farming) and pilot aquaculture farms and conserving marine resources through MPAs. This RA will also promote gender equity and the participation of the youth in the blue sectors by encouraging entrepreneurs to create sustainable and innovative solutions through incubator programs. RA 2 has two sub-RAs.

35. **Sub-RA 2.1: Strengthening economic development and capacity of key marine and coastal sectors**, catalyzing changes in blue sectors to accelerate the development of a climate-resilient BE. The Program activities include the following: (a) supporting sustainable tourism planning and provision of utilities to 594 ha of area owned by Moroccan Society of Tourism Engineering (SMIT) in Aghroud while keeping 63 percent of the area for green, open space, utilities, and access roads (led by SMIT and the Souss-Massa region through the Regional Development Corporation (SDR) 'Aghroud Aménagement'); (b) supporting the labor force participation and employment of women and the youth in aquaculture and contributing to food security by providing training, equipment, and marketing support for 14 entrepreneurs and cooperatives with whom specific agreements will be signed within the targeted coastal regions and provinces, listed in the POM (led by the National Agency for Aquaculture Development [*Agence nationale pour le développement de l'aquaculture*, ANDA]); (c) implementing an incubator program to support 713 tourism MSMEs through training, financial support, TA, and digitalization (led by SMIT and targeted regions through the establishment of three SDRs: the SDR 'TPME Souss-Massa' has been created in the Souss Massa region to support the implementation of the national program 'Moukawala Siyahia', and two additional SDRs will be created to support the targeted regions and provinces as listed in the POM); (d) conducting international and domestic advertising campaigns to promote existing destinations within the targeted areas and more specifically in the tourism business ecosystems where the MSMEs will be developed as well as the existing ecosystems near Aghroud (led by Morocco National Tourism Office [*Office National Marocain Du Tourisme*, ONMT]); (e) supporting climate-



resilient shellfish aquaculture development and piloting seaweed farming in the Souss-Massa region and shrimp farming in the Casablanca-Settat region (led by ANDA); and (f) improving sustainable management of the port and maritime domain by developing and training professionals in applying national technical guidelines for sustainable port management (led by DPDPM).

36. The two Program interventions on coastal tourism development will be executed by SDRs to promote regionalization. SMIT is developing the following four agreements (conventions) with regions to establish SDRs: (a) an agreement with the Souss-Massa region to set up the SDR 'Aghroud Aménagement' for the site development in Aghroud and (b) three agreements to support tourism MSMEs in the targeted areas as defined in the POM. These agreements will formally establish SDRs as implementing bodies in the targeted areas. Under the supervision and in coordination with SMIT and the PIU, the SDR will be responsible for (a) designating an E&S focal point; (b) preparing the ToR for the Environmental and Social Impact Assessment (ESIA) of the Aghroud project, including all phases of the project; (c) preparing the ESIA of the Aghroud project before the initiation of works; (d) consulting publicly on the ESIA; and (e) monitoring the implementation of mitigation measures and recommendations of the ESIA.

37. Sub-RA 2.2: Protect marine and coastal assets, addressing marine pollution and restoring resilience and functioning of marine and coastal ecosystems. The Program supports the following activities: (a) enhancing coastal resilience through tree planting, fencing, eradication of invasive species, soil protection in 9,418 ha of pristine coastal forests (Rif littoral, Frange Méditerranéenne, and Tanger-Asilah), and stabilizing of 1,060 ha of sand dune areas (implemented by the National Agency of Water and Forest [*l'Agence Nationale des Eaux et Forêts*, ANEF]); (b) implementing participatory management plans for biodiversity conservation and valorization in seven sites of biological and ecological interest (SIBEs) (Estuary of Drâa, Oued Chbika, Oued El Ouar, Oued Amma Fatma, Plage Blanche, Foug Assaka, and Tamri), two national parks (El Hoceima and Souss Massa), and one tourist area (Mdiq-Fnideq) (led by ANEF); (c) protecting Agadir from flooding through watershed management of coastal areas; (d) developing and implementing sustainable fish stock management plans through community participation through establishing three MPAs for fisheries management in Agadir, Larache, and Cape Three Forks (total 61,500 ha) (led by the Department of Maritime Fisheries [*Département de la pêche maritime*, DPM] with INRH's scientific and technical support); and (e) conducting professional training to reduce pollution and enhance preparedness for accidental marine pollution (led by MTEDDD). Some of the activities led by ANEF will be implemented by NGOs through implementation agreements.

38. All activities in the proposed PforR will support the development of a climate-resilient BE. Together, they will help achieve climate change mitigation and adaptation goals, by harmonizing policies and sectoral objectives, facilitating intersectoral cooperation across blue sectors, protecting and restoring marine and coastal areas, and supporting sustainable ecotourism. Annex 8 summarizes how activities supported by the PforR will contribute to climate change mitigation and adaptation.

39. The PforR will support the GoM in creating an enabling environment for private sector investments in blue sectors. The Program will help create enabling conditions by removing capital investment barriers related to legal and property risks. For example, public investment to improve coastal tourism conditions in areas under the Program aims to help the private sector invest in accommodation, transportation, food and beverage, and other commerce for tourists in the future, through targeted urban planning. This involves the development of technical studies and the provision of basic infrastructure and public services in government-owned properties where the private sector will be involved in investing in



improvements and operation in the future. Hence, the Government will act as a developer. For aquaculture development, the Government has prepared aquaculture development plans and allocated marine zones to facilitate concessions to the private investors. Public investment in aquaculture—to demonstrate upscaling of aquaculture and pilot innovative techniques for seaweed and shrimp farming—is also expected to stimulate future private investments.

Program Financing

40. The total Program financing over five World Bank fiscal years (2023–2027) amounts to US\$438.90 million, of which US\$350 million (79.74 percent) and US\$88.90 million (20.26 percent) will be financed by an IBRD loan and by the Government, respectively. Of the total US\$438.90 million, US\$45.55 million falls under RA 1 and US\$393.35 falls under RA 2. IBRD financing toward the Program will be made based on the achievements of DLIs. This is part of the government strategy to start the Program with the aggregation of sectoral budgets presented in the 2022 Performance Projects (*Project de Performance*) and projected for the next five years (with an amount of US\$2 billion).³⁸

Table 1. Expenditure Framework

Ministry	Responsible Department	Budget Lines	Expenditure Types	2022	2023	2024	2025	2026	Total Amount	Total Amount	%
									(DH Million)	(US\$ Million)	
Results Area 1											
MEF	DAAG ³⁹	P130-10-61: Support and piloting (SEGMA ⁴⁰ Training)	Consulting Services	9.00	9.00	9.00	9.00	9.00	45.00	4.78	1.09
		P115-00-10-16 Support to budget policy (support and TA to information technology (IT) platform/purchase and installation of computer equipment)	Goods and non-consulting services	0.90	0.90	0.90	0.90	0.90	4.50	0.48	0.71
MTEDD	DDD	P501: Consolidation of environmental governance and sustainable development and mobilization of stakeholders	Goods and non-consulting services/consulting Services	5.90	5.90	5.90	5.90	5.90	29.50	3.13	0.68
METLE	DPDPM	P439: Ports	Goods and non-consulting services/	9.00	10.5	3.5	3.5	3.5	30.00	3.18	0.72

³⁸ This estimate includes different expenditure types including works, consulting, and non-consulting services, and goods.

³⁹ DAAG = Department of Administrative and General Affairs (*Département des affaires administratives et générales*).

⁴⁰ SEGMA = Autonomously Managed State Services (*Services de l'Etat Geres de Maniere Autonome*).



Ministry	Responsible Department	Budget Lines	Expenditure Types	2022	2023	2024	2025	2026	Total Amount	Total Amount	%
									(DH Million)	(US\$ Million)	
			consulting services								
MAPMD REF	INRH	P424: Development of fisheries and aquaculture and resource development (monitoring and studies)	Goods and non-consulting services /consulting services/works	53.06	57.50	64.50	69.50	75.50	320.06	33.98	7.73
TOTAL RA 1				77.86	83.8	83.8	88.8	94.8	429.06	45.55	10.27
Results Area 2											
MAPMD REF	DPM	P424: Development of fisheries and aquaculture and resource development	Goods and non-consulting services/ and non-consulting services	0.70	4.08	13.30	13.17	14.06	45.31	4.81	1.09
MAPMD REF	ANDA	P424: Development of fisheries and aquaculture and resource development	Works/goods and non-consulting services/consulting services	0.60	16.40	24.00	75.40	—	116.40	12.36	2.81
		P421: Protection and security of the forest domain	Works/goods/consulting and non-consulting services								
	ANEF	P422: Forest development and management	Works/goods and non-consulting services/consulting services	49.91	168.48	165.61	171.72	165.76	721.48	76.59	17.43
		P423: Combating desertification and protecting nature	Works/goods and non-consulting services/consulting services								
P440 : Support and services	Works/goods and non-consulting services/consulting services										
MTEDD	DDD	P501: Consolidation of environmental governance and sustainable development and	Goods and non-consulting services	0.90	0.50	0.90	0.50	0.90	3.70	0.39	0.09



Ministry	Responsible Department	Budget Lines	Expenditure Types	2022	2023	2024	2025	2026	Total Amount	Total Amount	%
									(DH Million)	(US\$ Million)	
		mobilization of stakeholders									
MT	SMIT	P403: Engineering and development of the tourism product	Works/goods and non-consulting services/consulting services	404.00	251.00	450.00	499.00	249.00	1,853.00	196.71	44.78
	ONMT	P404: Tourism promotion	Goods and non-consulting services	422.00	339.00	100.00	103.00	—	964.00	102.34	23.29
METLE	DPDPM	P439: Ports	Goods and non-consulting services	0.30	0.30	0.30	0.30	0.30	1.50	0.16	0.04
TOTAL RA 2				878.41	779.76	754.11	863.09	430.02	3,705.39	393.35	89.54
TOTAL									4,134.45	438.90	100

41. **The PforR excludes high-risk activities with significant social or environmental risks.** For example, activities that involve large-scale civil works such as for port development have been excluded from the PforR, although they remain an essential part of the government program. The PforR also excludes activities that involve the procurement of works estimated to exceed Operations Procurement Review Committee (OPRC) threshold values. Salary expenditures for government officials in support of the PforR are not included in the program financing.

D. Program Development Objective(s) and PDO-Level Results Indicators

42. **The PDO is to develop Morocco’s institutional frameworks, improve integrated management of natural resources, and strengthen selected sectors for a climate-resilient blue economy in targeted areas.** The BE means “sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystem.”⁴¹ Selected sectors refer to those involved in the PforR operation: environment, forestry, fishery, aquaculture, tourism, and ports and public maritime domain.⁴² Targeted areas refer to the geographical scope of the PforR Program as described in the POM.

43. **The PDO indicators are the following:**

- **Indicator 1:** Strengthened institutional frameworks to guide collaborative implementation of the BE strategy in targeted areas (Score)
- **Indicator 2:** Tourism MSMEs that are established or transformed in line with NDC pathway for development through SMIT’s incubator program in targeted areas (Number)
- **Indicator 3:** Aquaculture farms established and operational in targeted areas (Number)

⁴¹ World Bank. 2017. *What Is the Blue Economy?* <https://www.worldbank.org/en/news/infographic/2017/06/06/blue-economy>.

⁴² These sectors are represented by MTEDDD, ANEF, INRAH, DPM, ANDA, DPDPM, SMIT and ONMT.



- **Indicator 4:** Marine and coastal areas under climate-resilient and sustainable integrated management in targeted areas (Hectares)

44. The PDO-level indicators were selected to measure the key achievements that the PforR should reach within five years of its implementation to ensure institutionalization and the sustainability of the government program. Further details of the PDO indicators are found in annex 1.

E. Disbursement-Linked Indicators and Verification Protocols

45. **Disbursements against DLIs consider their contribution to the objectives of the Program and table 2 summarizes the DLIs and their rationale.** DLIs were chosen considering the following elements: (a) selected DLIs incentivize key improvements necessary for the sustainability and success of the government program; (b) the DLIs are achievable during the Program period; (c) the DLIs are within the control of the Government; and (d) the DLIs are quantifiable, measurable, and verifiable. Further details of each DLI are found in annex 2.

Table 2. Disbursement-Linked Indicators

Sub RA	No.	Description	Rationale for Selection	Allocation (US\$)
1.1	DLI 1	<p>Inter-ministerial commission for the BE is fully operational to guide collaborative implementation of the blue economy strategy in Targeted Areas based on, inter alia, scientific evidence and NDC priorities</p> <ul style="list-style-type: none"> • DLR 1.1 Inter-ministerial commission is established • DLR 1.2 Work plans for the inter-ministerial commission are approved by the commission • DLR 1.3: A data portal on the blue economy is operational • DLR 1.4: A strategic environmental and social assessment to inform the BE strategy is adopted • DLR 1.5: A BE strategy aligned with, <i>inter alia</i>, NDC is adopted by the Inter-ministerial commission for subsequent implementation in targeted areas 	<p>This DLI incentivizes the development of a new operational model (with the MEF playing a key role), bringing various entities together, and with a theme that is key for commencing the green (blue) transition 'in real' in the country.</p> <p>The DLI will support better use of public resources by seeking institutional coordination and synergies between regional and national government investment programming to achieve results in support of food security, economic growth, sustainability, and resilience.</p>	30,000,000



Sub RA	No.	Description	Rationale for Selection	Allocation (US\$)
1.2	DLI 2	<p>The blue economy strategy is piloted in two Regions in alignment with NDC</p> <ul style="list-style-type: none"> DLR 2: Blue economy action plans with climate resilience provisions are developed and budgeted in two Regions 	<p>This DLI will incentivize the piloting of the BE in the Souss Massa and Tangier-Tetouan-Al- Hoceïma regions. The decentralization of public services plays a key role in the implementation of the NDM, which the development of the BE needs to follow. The DLI will allow linking the development of the BE to multiyear investment programming through intersectoral coordination at the regional level. This will be achieved by a coordination mechanism under the inter-ministerial commission.</p>	30,000,000
	DLI 3	<p>Monitoring of the marine and coastal ecosystems in Targeted Areas is enhanced to support evidence-based decision-making for a climate-resilient BE</p> <ul style="list-style-type: none"> DLR 3: (a) coastal areas: cumulative 3,947,000.00 (ha) of coastal areas assessed by remote sensing; (b) beaches: cumulative 204 beaches covered by environmental monitoring programs; (c) fish stocks: cumulative 17 fish stocks assessed by INRH to provide scientific advice for improved fish stock management 	<p>This DLI will incentivize the assessment of additional 6 fish stocks, the assessment of 3,262,000 ha of coastal areas, and the monitoring of 33 beaches. Monitoring of marine and coastal ecosystems is crucial for evidence-based decision-making. For fisheries, fish stock assessments serve as scientific bases to estimate the health of fish stocks and decide on management measures. The beach environmental monitoring programs help ensure the environmental quality of beaches, which are a major attraction for coastal tourism. The monitoring of coastal areas with satellite images helps make management decisions on the development of coastal areas and monitor coastal erosion.</p>	59,000,000
2.1	DLI 4	<p>Tourism areas in Aghroud are equipped with basic utility services in accordance with NDC</p> <ul style="list-style-type: none"> DLR 4.1: The SDR 'Aghroud Aménagement' is operational DLR 4.2: Cumulative 594 ha in Aghroud is equipped for sustainable tourism 	<p>This DLI will incentivize the equipment of 594 ha in the village of Aghroud in a priority region for the sustainable development of coastal tourism. This is a critical result linked to the strategy to relaunch the sector from the pandemic (see annex 3 for further details) and an engine of growth in the Souss Massa region.</p>	63,000,000
	DLI 5	<p>People reached by international and national coastal tourism campaigns</p>	<p>This DLI incentivizes results to connect the government program investments in sustainable coastal tourism to promote existing destinations in the targeted areas and more specifically in the tourism business ecosystem where MSMEs will be developed as well as the existing ecosystem near Aghroud. This DLI is critical to support the 'Aji' (Come) and 'We are Open' campaigns to promote the country as a tourist destination for Moroccans and foreigners. The campaigns will be conducted through digital means (for example, social</p>	5,000,000



Sub RA	No.	Description	Rationale for Selection	Allocation (US\$)
			media) as well as in-person events.	
	DLI 6 PDO.I 2	<p>MSMEs that are established or transformed in line with NDC pathway for development through SMIT incubator program in Targeted Areas</p> <ul style="list-style-type: none"> DLR 6.1: Three new Société de Développement Régional SDR for tourism MSMEs are created to support tourism MSMEs in Targeted Areas DLR 6.2: Cumulative 713 MSMEs (minimum 40% led by women) established or transformed in line with NDC pathway for development through SMIT's incubator program in Targeted Areas 	<p>This DLI will incentivize the support to more than 700 tourism MSMEs through its incubator programs in the targeted coastal regions and provinces as listed in the POM. The incubator program has two aspects: (a) support to the creation of new MSMEs and (b) support to the transformation of existing MSMEs to improve service and product qualities. Strengthening of tourism MSMEs helps enhance sector competitiveness, improve employment opportunities, and reduce poverty in coastal areas. The DLI also ensures economic empowerment of women by setting minimum targets for women led MSMEs.</p>	34,000,000
	DLI 7 PDO.I 3	<p>Aquaculture farms established and operational in Targeted Areas</p>	<p>This DLI will incentivize the establishment of new 14 aquaculture farms (shellfish and seaweed farms) within the targeted coastal regions and provinces as listed in the POM. The successful operationalization of aquaculture farming (mariculture) has a potential to upscale production, attract future investments, and generate new jobs for women and youth, enhancing inclusiveness of the subsector. This is expected to generate additional production of more than 700 tons per year and create up to 250 direct and indirect jobs.</p>	29,000,000
2.2	DLI 8 PDO.I 4	<p>Marine and coastal areas under climate-resilient and sustainable integrated management in Targeted Areas</p> <ul style="list-style-type: none"> DLR 8: (a) Forest: cumulative 15,710 ha of coastal forests restored; (b) coastal dunes: cumulative 1,060 ha of coastal dunes stabilized; and (c) marine areas: cumulative 61,500 ha covered under MPAs 	<p>This DLI incentivizes stabilizing 1,060 ha of sand dunes and restoring 9.418 ha of coastal forests (Rif littoral, Frange Méditerranéenne and Tanger-Asilah) and establishing three MPAs covering 61,500ha in Agadir, Larache, and Cape Three Forks. These results ensure the protection and conservation of marine and coastal ecosystems, which underpin the productivity of the blue sectors. Coastal forests boost ecological integrity, climate resilience, and tourism. Coastal dunes provide a buffer against climate change and a source of sand to replenish eroded beaches. Creation of MPAs helps restore ecosystem resilience in line with NDC and contributes to the management of fisheries resources.</p>	100,000,000



III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

46. **The MEF will manage the Program through a PIU under the Department of Budget (*Direction du Budget, DB*).** The PIU will be an operational arm of the Program and will coordinate the implementation and monitoring of activities to be implemented by the implementing entities. The PIU's role will include the oversight of technical, fiduciary, and E&S aspects. The PIU will also serve as the secretariat to the inter-ministerial commission for the BE. The MEF will work closely with the Prime Minister's office, which will chair the inter-ministerial commission. The PIU will be supported by a Technical Committee (TC), which has been created during the preparation of the Program. The TC is composed of technical focal points of the implementing entities.

47. **DB in the MEF, with the support of DAAG, will directly implement activities under RA 1 to establish the framework for the government BE program.** The MEF will lead and coordinate (a) the establishment of an inter-ministerial commission of the BE; (b) the development of a BE strategy; (c) the preparation of a data platform to assess the progress in the development of the BE; and (d) the creation of specific mechanisms for the coordination of the BE at the regional level, including coastal clusters. MTEDD, ANEF, INRAH, DPM, ANDA, DPDP, SMIT, and ONMT will work closely with the MEF to ensure successful implementation of coastal and marine monitoring, fisheries management, aquaculture, sustainable tourism, and coastal forest management, including forest restoration and coastal dune stabilization. Figure 3 presents the overall implementation arrangements of the Program.

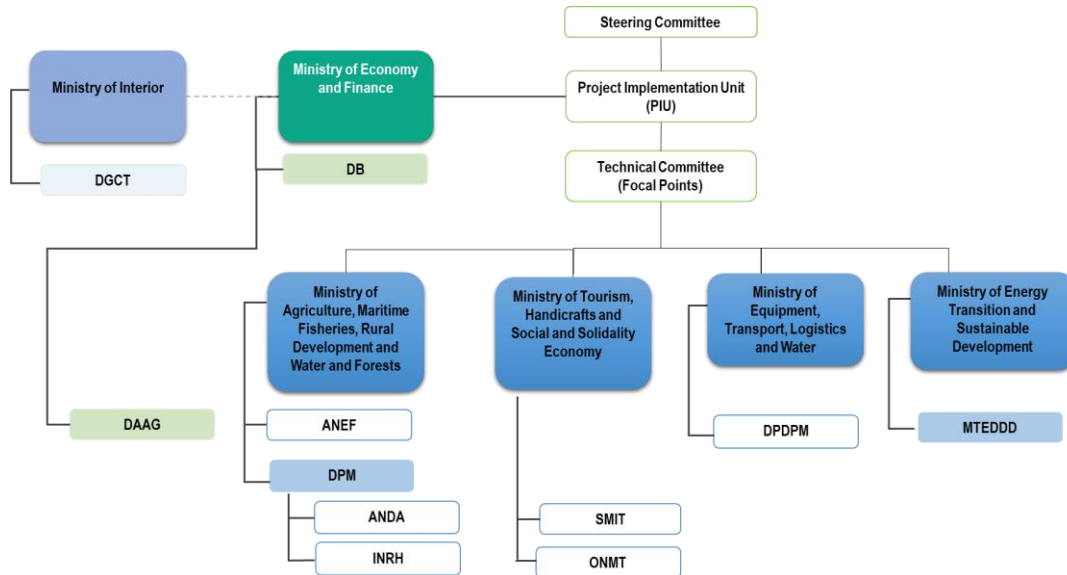
48. **A Steering Committee (SC), chaired by the MEF and established no later than 90 days after effective date of the Loan Agreement, will be responsible for coordinating at the policy level and providing guidance to the PIU.** Members of the SC will be ministers or their representatives of the participating entities (MEF, MAPMDREF, MTEDD, MT, METLE, and MI) that are part of the Program and will specifically advise on strategic issues related to the PforR implementation. The SC will be represented in the inter-ministerial commission which may include other ministries relevant to the BE.

49. **The MEF has long-standing and successful experience working with the World Bank and mobilizing government stakeholders to achieve common objectives.** The MEF has the convening power needed to implement this multisectoral PforR. Previously, the MEF led the implementation of policy reforms supported by a programmatic series of Transparency and Accountability Development Policy Loans (Hakama I P130903 and Hakama II P154041). The MEF is familiar with World Bank instruments including PforRs, is experienced in managing TA projects and has established a PIU within the ministry.

50. **The PforR implementation arrangements will serve as the foundation for the government program's implementation mechanism.** The inter-ministerial commission to be established under the PforR is envisaged to continue guiding the government program beyond the project duration. The inter-ministerial commission may include entities and sectors that are not part of the PforR but are under the national program such as the Department of Energy and Mines, the Royal Navy, and the Ministry of Higher Education, Scientific Research, and Professional Training.



Figure 3: Implementation Arrangements



B. Results Monitoring and Evaluation

51. **The PforR monitoring and evaluation (M&E) draft plan is presented in annex 1, which describes the Results Framework, including indicators and associated targets.** The PforR will use the existing M&E system of each implementing entity. The reporting from each entity to the MEF will be conducted upon completion of activities as well as on a biannual basis through existing reporting mechanisms. The PIU will consolidate reports on the Program activities to monitor overall performance and implementation progress. The M&E plan incorporates good practices and lessons learned from previous PforR operations in Morocco. Independent verification agency (IVA) reports and protocols will be a key input.

52. **The PIU will oversee the monitoring of each RA and consolidate reports from implementing entities.** For Sub-RA 1.1, the MEF (DB and DAAG) and MTEDDD will be responsible for M&E of results. For Sub-RA 1.2, the MEF will be responsible for coordinating with relevant regional actors and stakeholders. For Sub-RA 1.3, DPDPM, MTEDDD, and INRH will be responsible for M&E of the results. For Sub-RA 2.1, SMIT, ANDA, DPDPM, and ONMT will be responsible for the M&E. Lastly, under Sub-RA 2.2, ANEF, DPM, and MTEDDD will be responsible for monitoring the implementation of their respective activities. The verification protocols of result indicators as well as DLIs are defined in annex 2. In addition, the PIU will be responsible for preparing and submitting to the World Bank the following: (a) biannual progress reports, (b) a midterm review report during project implementation, and (c) a final report to inform the World Bank Implementation Completion and Results Report by Program closing.

C. Disbursement Arrangements

53. **The disbursement under the PforR will be conducted throughout the implementation period based on the verification of achieved DLIs.** Applications for withdrawal per the amounts allocated to individual DLI will be sent to the World Bank once it has notified the Government in writing that it has accepted evidence of the achievement of the indicator and the amount of the eligible payment. The withdrawal amount against the DLIs achieved will not exceed the amount of the financing allocated by



the World Bank for the specific indicator. The details of each DLI and associated DLRs are found in Section E while the agreed disbursement procedures are provided in annex 2.

54. **The Inspectorate General of Finance (*Inspection Générale des Finances*, IGF), an audit and control body under the MEF, will be responsible for the verification of DLIs.** This agency is selected based on the experience with previous operations in the country. The IGF team responsible for the verification will be independent from the team which will conduct audits of the PforR. Verification protocols are summarized as follows:

- **Data source/agencies.** Each implementing entity will collect the data and report on the achievement of DLIs. Each entity is responsible for transmitting the results along with evidence and supporting documents to the PIU for compilation. The responsibility of each entity is described in annex 2.
- **Oversight.** The PIU and implementing entities will be responsible for monitoring the overall progress toward the expected Program results as well as for ensuring timely collection and provision of monitoring data and verification documents to the World Bank.
- **Verification agencies.** IGF will be tasked with verifying each DLI based on evidence provided.
- **Verification procedures.** IGF will be responsible for reviewing and approving the reports prepared by the implementing entities and submitting the results of verification to the MEF for subsequent transmission to the World Bank, along with relevant documentations.

D. Capacity Building

55. **The Program will include capacity-building activities on institutional development, technical analyses, E&S management, and fiduciary aspects.** Ongoing TA under the programmatic ASA for North Africa Blue Economy and Coastal Management (P170596) will serve as a platform to provide additional analytical underpinnings for Program activities supported by the PROBLUE, AGREED, the Korea Green Growth trust fund and the World Bank-Korea Partnership trust fund.⁴³ The Program will also include training sessions on E&S risks delivered by the World Bank management. Focal points of participating entities will be equipped and trained on the identification of E&S risks and impacts regarding national regulations and international practices; the definition, implementation, and monitoring of mitigation measures; and the reporting and evaluation of the Environmental and Social Management System (E&SMS). Fiduciary capacity building will include (a) monitoring fiduciary implementation progress; (b) supporting the Government to resolve implementation issues and carry out institutional capacity building; (c) complying with audit reports including the implementation of the Program Action Plan (PAP); and (d) monitoring, as relevant, compliance with the fiduciary provisions of legal covenants.

56. **Change management will be crucial throughout the PforR implementation.** The Program involves specific training activities to include behavioral insights in developing and implementing policies and promote horizontal and vertical coordination involving nine national implementing agencies and two pilot regions taking part in the development of Morocco's BE. This integrated approach will require a shift

⁴³ Ongoing work under MENA BLUE includes addressing marine plastic pollution, developing a public expenditure review for the fisheries sector, and supporting marine spatial planning approaches to establish MPAs.



from the existing sector-based approach to a more collaborative model based on dialogue, cooperation, and discussion to maximize synergies and resolve conflicts and trade-offs.

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

57. **Strategic relevance.** The technical assessment has informed the definition of a sound PforR boundary. The Program is embedded within the first phase of the government program for the development of the BE, aligned with the vision of the NDM, supporting job creation, climate resilience, food security, and sustainable resource use and contributing more broadly to a green transition. The Program's strategic relevance is further underscored by its contribution to Morocco's NDC for climate change mitigation and adaptation (see annex 8).

58. **Technical soundness.** The Program design and implementation modality are technically solid, well designed, and based on a broad consensus among the involved stakeholders and beneficiaries. The choice of institutions at the national and regional levels in targeted areas adequately covers the breadth of the BE sector, fosters innovation, and promotes the upscaling of innovative approaches for the BE. The technical assessment was used to adjust the government program activities and select priority interventions to be supported under each RA. The activities are adequately selected, realistic, and well balanced to achieve the Program's expected results to enable BE development under RA 1, which plays a key role as it strengthens the policy, coordination, and monitoring capacity for the development of the BE at the national and regional levels, and to roll out key BE sectors activities under RA 2 including developing sustainable aquaculture and tourism while protecting vulnerable natural capital (see details in annex 3).

59. **Program readiness.** Overall, there is a good level of readiness of Program activities. Based on the ownership by the MEF and the involved institutions, the PIU located within the MEF and the TC are ready to deliver the Program as expected. RA 1 has a robust degree of readiness, notably with the experience of the MEF and the other involved implementing entities in managing complex stakeholder consultations, conducting scientific research, and formulating strategic documents. The readiness of RA 2 is supported by robust feasibility studies and advanced institutional arrangements in support of aquaculture, tourism, and natural resources restoration and conservation activities. Nevertheless, the risk of implementing a multi-institution Program will remain and its mitigation will depend on the success of the coordination mechanism that the Program will promote.

60. **Program innovation.** The Program has also informed the development of an innovative approach with the MEF leading BE discussions and budget programming based on a specific administrative and financial mechanism through an inter-ministerial commission and regional coordination. The MEF has the convening power to bring together all sectors and boost horizontal and vertical coordination through its annual budget planning process. Thus, the Program has a significant opportunity to deliver environmental, social, and economic results; improve coordination in the decision-making process; and promote sustainability,⁴⁴ which will underpin the preparation of the Finance Law each fiscal year.

⁴⁴ The Program activities are expected to be sustainable. The authorization request in addition to a concession agreement



61. **Sustainability.** The activities that have been supported under the Program are expected to be sustainable. The Program lays the foundations for the BE development through the inter-ministerial commission, managed at a high political level. By creating enabling conditions under RA 1, the Program will ensure the sustainability of the proposed activities in RA 2. Particularly, the sustainability of aquaculture development is supported by comprehensive market analysis demonstrating that activities are supported by market demand and competitive and sustainable in the long term both for the domestic and export markets.⁴⁵ Coastal tourism development in Aghroud is supported by continued growth in tourism development in Morocco and responds to a more diversified and sustainable concept of tourism. While technical sustainability remains positive, the shortcomings in the procurement capacities of some institutions could undermine this scenario if mitigation measures are not put in place.

62. **Private sector.** The Program fosters collaboration with the private sector, notably through the support to MSMEs in the aquaculture and tourism sectors. MSMEs play a crucial role in the tourism sector and employ nearly 73 percent of the sector workforce.⁴⁶ Program interventions in targeted areas are likely to attract additional private sector investments as a result of public sector investments which aim to create the enabling conditions including secure ownership⁴⁷ of land and sea space for aquaculture entrepreneurs and tourism developers. Replacement of private sector investors through public sector investments in the Program is not foreseen.

63. **Gender.** The Program contributes to the empowerment of women and girls, the promotion of gender equity, and participation of women and youth in the BE in line with the NDM. The Program addresses persisting gender gaps regarding (a) employment and entrepreneurship and (b) participation in decision-making related to BE. Their contributions to fishery, aquaculture, forestry, tourism and other BE sectors are invisible due to the dearth of gender specific reporting and sex disaggregated data for these sectors. The limited participation of women in the blue sectors has led to insufficient participation in decision making related to the blue economy. The Program will, therefore, support following activities to promote women's participation in the blue sectors: (a) the incubating programs for women owned MSMEs in the coastal tourism by SMIT; (b) targeted technical support for women to develop aquaculture farms by ANDA; and (c) professional skills development programs by ANDA, DPDPM, and MTEDDD. With regards to women's participation in decision making, the Program will ensure that: (i) women are well represented in the BE Ministerial Commission; (ii) women will participate in the planning and management of newly designated fisheries management areas; and (iii) women will actively participate in the management of the SIBEs. The progress will be monitored through specific DLIs and intermediate indicators (see DLIs 6 and 7 and intermediate indicators 11 and 12).

64. **Citizen engagement.** The Program design was structured to give a privileged space to citizen engagement by incentivizing trust building, transparency, and access to information on the BE. The inter-ministerial commission established under RA 1 will involve blue sectors and civil society, including women and youth organizations, and will thereby contribute to Government and World Bank commitments on

Program lays the foundations for the BE development through the inter-ministerial commission, managed at a high political level. By creating enabling conditions under RA 1, the Program will ensure the sustainability of the proposed activities in RA 2.

⁴⁵ Notably to the European Union, including Spain, France, and Italy, as well as in growing markets in Eastern and Northern Europe.

⁴⁶ Observatoire Marocain de la TPM (2018). Rapport Annuel. [Annual Report] p. 86.

⁴⁷ Public investment provided by SMIT on utility services in Aghroud and by ANDA in allocating zones for aquaculture farms and facilitating getting authorizations and concessions will help unlock private sector investments.



citizen engagement. Moreover, the focus on stakeholder consultation including workshops, regional coordination, and engaging of local actors in Program activities such as MPA creation and land-based protected area management are also critical elements for the implementation of activities under RA 2.

65. **M&E.** The technical assessment process underpins the Program's TOC and the proposed M&E system that combines outcome- and output-level indicators adapted to the development stage of the Program. M&E capacities need to be strengthened to monitor Program activities and DLIs incentivizing BE development in Morocco, ensuring that the PIU has sufficient staff for these tasks, including focal points for each DLI, and a specific charter for the use of data collected should be developed. The indicators of the Program were formulated in an outcome and provide the necessary amount of detail, notably to capture the specifics related to women and youth participation. M&E is overseen by the MEF with the support of the relevant stakeholders on their respective fields of action. The MEF/PIU is also responsible for the overall coordination of the M&E arrangements and integration of the results including progress reporting, midterm reporting, and completion and final reporting.

66. **Expenditures framework.** The setting of the Program boundaries has allowed the identification of an expenditure framework anchored in the multiyear government program. The Program's budget structure is clear in terms of sources of funding, budgetary vehicles, and categories of expenditures and the sustainability of the EF of participating entities is ensured. The predictability of expenditures is robust, with the indicator on predictability rated 'A' for timely release of budget appropriations to the budget holder. The Program Expenditure Framework (PEF) analysis shows that Program expenditures have been efficient. In conclusion, the alignment of the budget with government priorities, classification, sustainability, and predictability is sufficient. The Program and its expenditure framework exclude high-risk activities such as large-scale civil works for port development as well as procurement of works estimated to exceed OPRC threshold values. Salary expenditures for government officials in support of the PforR are not included in the Program financing.

67. **Institutional arrangements.** They are adequate though nascent in some areas of the Program. The Program will be coordinated by the MEF through its DB, based on its experience working with the World Bank-financed programs. Supported by a PIU assisted by a TC, the MEF has the capacity to manage the proposed Program and the required convening power to ensure the success of the operation and facilitate intersectoral dialogue and coordination on the BE, directly connected to the budget planning system and institutions' triennial programming. However, the coordination mechanisms to be developed under the Program are new and could create challenges that might require adjustments in the future. A dedicated and strengthened PIU will ensure the ownership and implementation of the activities. Adequately staffed and strengthened by key expertise on gender, climate, M&E, and GIS, the PIU will be able to unlock the BE potential, breaking silos and allowing cross-sectoral coordination toward sustainable, resilient, and inclusive development. The technical assessment confirmed that the additional governing bodies, such as TC, will help guide project coordination and implementation. Program design also incorporates the creation of the inter-ministerial commission, a high-level decision-making body, that could help unlock bottlenecks among participating institutions during the implementation phase.

Economic Evaluation

68. **Rationale for public sector provisioning/financing.** Public sector financing is justified by the global and domestic public goods that are expected to be generated through the Program's interventions.



The Program's efforts benefit not only marine and coastal economies and ecosystems but also climate change resilience and health and livelihoods of coastal communities. Additionally, public financing allows for regional-level intersectoral coordination, with cluster approaches bringing together governmental investments, facilitating synergies, and fostering new and sustainable approaches that may mobilize private sector involvement in the BE.

69. **World Bank value addition.** World Bank support to the government program is expected to enhance development efficiency and realize socioeconomic as well as environmental benefits by fostering horizontal and vertical coordination for a climate-resilient BE and providing targeted support to key sectoral activities. The World Bank has global expertise in designing and implementing innovative and integrated programs and projects for sustainable management of marine and coastal resources. The World Bank's expertise supporting governments through economic recovery (including under the WBG COVID-19 Crisis Response Approach) will also help the Government create a more inclusive and resilient economy to recover from the COVID-19 pandemic. Long-lasting sustainable development through the preparation and endorsement of a BE strategy will allow the World Bank to further support Morocco to reduce poverty and promote shared prosperity in a sustainable manner by unlocking the potential of the country's BE.

70. **Economic assessment methodology and results.** The economic analysis accounts for 97 percent of the total value of the activities in the expenditure framework, including (a) US\$159.2 million (DH 1,500 million) for the development of the Aghroud site (SMIT); (b) US\$37.5 million (DH 353 million) to support the MSMEs in littoral environments (SMIT); (c) US\$102.4 million (DH 964 million) for marketing activities for tourism (ONMT); (d) US\$76.6 million (DH 721 million) for forest protection (ANEF); and (e) lines of INRH, ANDA, and DPM tallying US\$51.2 million (DH 482 million) on marine development (fisheries and aquaculture). The overall net present value (NPV) is estimated to be US\$465 million (DH 4.3 billion) with an internal rate of return (IRR) of 13.5 percent and a benefit-cost ratio (BCR) of 1.46. The estimated gearing for private capital invested as a result of the Program is 2.9, that is, US\$587 million (DH 5.4 billion) and 8,000 jobs generated.

B. Fiduciary

71. **A Fiduciary Systems Assessment (FSA) was carried out in accordance with the World Bank Policy on PforR Financing** to examine whether Program systems provide reasonable assurance that financing will be used for intended purposes, with attention to principles of value for money, economy, integrity, fit for purpose, efficiency, effectiveness, transparency, fairness, and accountability. The FSA covered the following entities involved in the PEF: (a) MEF through DAAG; (b) MAF through INRH, Department of Water and Forest (*Département des eaux et forêts*, DEF), DPM, and ANDA; (c) MTEDD through MTEDDD; (d) MT through SMIT and ONMT; and (e) METLE through DPDPM. The FSA concluded that the Program's fiduciary systems meet World Bank requirements and provide reasonable assurance that financing proceeds will be used for intended purposes. The Program financial management (FM) and country procurement systems followed by the entities are acceptable to the World Bank and meet requirements for PforR implementation. However, there are opportunities to strengthen transparency, predictability of resources, budget execution including procurement, financial reporting, and anti-corruption mechanisms. To ensure adequate implementation, the systems will require capacity and systems strengthening activities as described below.



72. **The Program residual fiduciary risk is assessed as Substantial, and fiduciary mitigation measures have been embedded to ensure adequate and timely budget planning and execution, effective accountability and transparency mechanisms, and achievement of expected results.** The overall fiduciary risk rating is considered Substantial. Key fiduciary risks that underpin the Substantial risk rating are as follows: (a) agencies that are newly or will be created (four SDRs with SMIT and one state-owned enterprise [SOE] with ANEF) will need fiduciary capacity strengthening, (b) other implementing entities that are not familiar with the PforR instrument but have good performance in implementing their own budget; (c) awarding of a contract to firms and/or individuals debarred or suspended by the World Bank; (d) lack of an effective procurement-related complaints procedure within most of implementing entities; (e) arrangements currently in place for the preparation of Program annual financial statements do not ensure the accuracy/effectiveness and timeliness of financial reporting of the Program; and (f) inefficient implementation of Program activities due to failing fiduciary coordination arrangements and consolidation of financial statements by the MEF for nine implementing entities.

73. **The proposed systems and capacity-strengthening and/or mitigation measures to address the above risks include the following:** (a) support by World Bank teams through training programs for entities with capacity challenges; (b) inclusion of a requirement to review Program expenditure for ineligible contracts in the external auditors' terms of reference (TOR); (c) eligibility verification to ensure any person or entity debarred or suspended by the World Bank, or another multilateral institution with which the World Bank has signed a cross debarment agreement, is not awarded a contract under the Program during the period of such debarment or suspension; (d) preparation and implementation of a clause in the bidding documents on the handling of complaints, which includes a detailed description of the procedure for a timely and fair redressal of complaints; (e) review of semesterly interim financial reports (IFRs) and accounting conventions used to prepare those, to ensure timely expenditures and annual financial statements; and (f) support by World Bank teams and TA during implementation to strengthen fiduciary coordination arrangements at the national and regional levels under the leadership of the PIU.

74. **The Program ex ante and ex post arrangements were found adequate to address the risk of fraud and corruption.** These comprise several effective institutions playing complementary roles: Ombudsman Office, Court of Accounts (COA), and IGF.⁴⁸ The PIU will collect and report to the World Bank allegations occurring under the Program through the annual progress reports during Program implementation. The reporting format will include the following: (a) location and date of the complaint, (b) allegation description, (c) progress in investigation, and (d) investigation outcome. Risks and mitigation measures are detailed in annex 6.

75. **The PforR-financed RAs are embedded in the budget and expenditure management processes of the country system.** Program funds will be reflected within the participating entities' budget. All payments of the Program will be made through the centralized Treasury Bank accounts held at the Central Bank (Bank Al-Maghrib). The GoM, through its budget, will transfer the funds to the MEF based on the expenditure framework and activities to be executed by the directorates and agencies involved in the Program and thus prefinance the expenditure. The public accountant of each participating agency/ministry oversees payments. For advances, prior results, and achieved results, funds will be disbursed to the GoM's Treasury Single Account (TSA) at the Bank Al-Maghrib. Disbursements under DLIs

⁴⁸ An updated assessment of these institutions will be performed in the next Public Expenditure and Financial Accountability (PEFA) exercise planned in 2022.



will be compared with expenditures in the last year of the Program for final reconciliation (detailed in annex 2).

76. **The Program excludes any activities that involve high-value contract exceeding OPRC threshold value that would qualify for procurement exclusions.**⁴⁹

C. Environmental and Social Systems Assessment

77. **An Environmental and Social Systems Assessment (ESSA) has been conducted to inform the preparation of the Program.** The ESSA examines the E&SMS applicable to the Program to evaluate compliance with the provisions of the World Bank Policy and Directive on PforR Financing and ensure that the E&S risks of the Program are well managed. Overall, environmental benefits of the Program stem from addressing bottlenecks in BE development, conserving scarce shared natural resources and space, preparing and endorsing a BE strategy, sustainably managing marine and coastal resources, developing an inclusive and sustainable aquaculture subsector, conserving and restoring coastal areas, coordinating between institutions through coastal cluster approaches, and supporting fisheries management in protected areas. Social benefits of the Program come from the inclusion of women and youth, potential job and skills creation, the promotion of sustainable livelihoods, and citizen and community participation. The ESSA has been disclosed and submitted for public consultation during a meeting that took place on March 31, 2022.

Environmental and Social Risks

78. **Potential negative effects of the proposed Program activities are low or moderate.** Activities with the potential to generate moderate environmental risks mainly relate to the construction phase of structural activities. For structural activities with moderate environmental and/or social effects, mitigation measures have been defined to complement the existing systems. Program activities were assessed for E&S risks based on the PforR eligibility criteria which exclude high-risks interventions. Each implementing agency will conduct a screening to confirm risk levels, prepare management instruments, identify adequate social and environmental mitigation measures, and prepare corresponding action plans.

79. **The Aghroud project includes two development phases.** The first, financed within the framework of this Program, will include site preparation works and the limited effects and risks on the environment will mainly be expressed during the construction phase. The second phase, which is neither financed by nor part of this PforR, will include the construction of hotel facilities. The indirect impacts of the construction and exploitation of the second phase could be mitigated by respecting the site instructions and applying the usual mitigation measures relating to construction work. These measures will be detailed in the ESIA of the Aghroud project and will become mandatory for the contractor who will ensure the development of the second phase.

80. **The analysis of the regulatory and institutional frameworks that constitute the national environmental management system has shown their adequacy with the PforR policy.** The scope, procedures, and principles of the Environmental Impact Assessments (EIAs) in Morocco are generally in

⁴⁹ They are set as follows: (a) works, estimated to cost US\$75,000,000 equivalent or more per contract; (b) goods, estimated to cost US\$50,000,000 equivalent or more per contract; (c) non-consulting services, estimated to cost US\$50,000,000 equivalent or more per contract; or (d) consultant services, estimated to cost US\$20,000,000 equivalent or more per contract.



line with international practices. Environmental management and EIA procedures are both clear at the technical level and sound at the institutional level. The main gaps identified are (a) limited integration of social aspects in impact assessment studies; (b) gaps in implementation of public consultations involving the parties affected by the Program; and (c) constraints regarding integration of Environment and Social Management Plans (ESMPs) in impact assessment studies, including documented M&E of mitigation measures. Capacity strengthening is needed for the various national institutions responsible for managing E&S aspects of program activities. Aiming to fill the gaps identified in the ESSA, the Program will support specific measures to strengthen the performance of the Moroccan E&SMS involved with the operation, especially through M&E and E&S management capacities.

81. **Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit <http://www.inspectionpanel.org>.

82. Morocco has numerous institutions with a mandate to hear and decide on grievances and claims related to activities supported by the proposed PforR. The existence of grievance and appeal mechanisms and their recent promotion to the constitutional level provide them with the necessary independence and financial autonomy, as well as expanded powers for self-referral. The World Bank's GRS system does not minimize the value of the Moroccan system of grievance management.

V. RISKS

83. **The overall risk to the Program objectives is Substantial.** Risk assessment is informed by the abovementioned assessments. Substantial risks are associated with technical design, institutional capacity, fiduciary, stakeholders, and E&S (see datasheet).

84. **Technical design of program and institutional capacity for implementation and sustainability are rated as Substantial.** By definition, the BE and its technical challenges involve many institutions to coordinate to depart from traditional sectoral approaches toward an integrated cross-sectoral system. Thus, the PforR involves institutions across blue sectors, with different levels of maturity, technical and M&E capacity, and interests/incentives, which represents an implementation risk. This risk will be mitigated by (a) the strengthening of the PIU capacity to ensure the coordination between all stakeholders and the creation of specific follow-up mechanisms to secure the day-to-day management of the Program, (b) the implementation support provided by the World Bank and TA activities, and (c) the coordination mechanism triggered by the future creation of the inter-ministerial commission of the BE which will be a sounding board to discuss technical and implementation issues related to the Program activities.



85. **The fiduciary risk rating is considered Substantial.** Key fiduciary risks are as follows: (a) new agencies that need fiduciary capacity strengthening, while other implementing entities are not familiar with the PforR instrument but have good performance in budget implementation; (b) awarding of a contract to firms/individuals debarred or suspended by the World Bank; (c) lack of effective procurement-related complaints procedure for most implementing agencies; (d) arrangements in place for the preparation of the Program annual financial statements not ensuring accuracy, effectiveness, and timeliness of financial reporting of the Program; and (e) inefficient implementation of program activities due to failing fiduciary coordination arrangements and consolidation of financial statements by the PIU for nine implementing agencies. To manage these risks, the Program includes a set of activities on capacity building and on-the-job training for all implementing agencies.

86. **E&S risks are assessed as Substantial.** This is mainly due to institutions where the E&S management capacities must be strengthened. While the PforR will generate environmental benefits, the Program has activities that may pose some moderate risks. These risks are predictable and the measures to avoid, reduce, and mitigate impacts are implementable. Social risks associated with the introduction of new fishery management zones and forest-protected areas for conservation will be mitigated through (a) participatory consensus building to prepare management plans, (b) programs to support alternative livelihoods, and (c) the existing national financial compensation scheme for forest management.

87. **Risk associated with stakeholders is assessed as Substantial.** The actions supported by the PforR require institutional and political support for inter-ministerial and interagency coordination to achieve the expected results. Resistance to the integrated approach could affect implementation. The PforR will include communication activities to ensure stakeholder mobilization, complemented by accompanying TA on change management. Risks will also be mitigated by the MEF's convening power as part of its role in the budget programming process and track record of implementing operations such as the Morocco Public Sector Performance (ENNAJAA) Program (P169330).

ANNEX 1. RESULTS FRAMEWORK MATRIX

Results Framework COUNTRY: Morocco Blue Economy Program for Results

Program Development Objective(s)

Develop Morocco's institutional frameworks, improve integrated management of natural resources, and strengthen selected sectors for a climate-resilient blue economy in Targeted Areas

Program Development Objective Indicators by Objectives/Outcomes

Indicator Name	DLI	Baseline	End Target
Institutional frameworks are developed for a climate-resilient blue economy			
Indicator 1: Strengthened institutional frameworks to guide collaborative implementation of the BE strategy in targeted areas (Text)		Score (0)	Score (10)
Selected blue sectors are strengthened for a climate-resilient blue economy			
Indicator 2: Tourism MSMEs that are established or transformed in line with NDC pathway for development through SMIT's incubator program in targeted areas (Number)	DLI 6	0.00	713.00
Of which led by women (Number)		0.00	358.00
Of which led by youth (Number)		0.00	500.00
Indicator 3: Aquaculture farms established and operational in targeted areas (Number)	DLI 7	0.00	14.00
Of which led by women (Number)		0.00	4.00
Of which led by youth (Number)		0.00	6.00

Indicator Name	DLI	Baseline	End Target
Integrated management of natural resources is improved for a climate-resilient blue economy			
Indicator 4: Marine and coastal areas under climate-resilient and sustainable integrated management in targeted areas (Hectare(Ha))	DLI 8	6,292.00	78,270.00
Of which coastal forests (Hectare(Ha))		6,292.00	15,710.00
Of which coastal dunes (Hectare(Ha))		0.00	1,060.00
Of which MPAs (Hectare(Ha))		0.00	61,500.00

Intermediate Results Indicator by Results Areas

Indicator Name	DLI	Baseline	End Target
Result Area 1 : Strengthen integrated institutional frameworks for the blue economy development			
Indicator 1: Progress in the implementation of blue economy communication campaigns (Percentage)		0.00	100.00
Indicator 2: Government officials at the national and regional levels certified in capacity building to promote the BE in alignment with NDC (Number)		0.00	125.00
Indicator 3: A data portal on the BE is operational to enable evidence-based decision-making and implement the BE strategy in line with NDC (Yes/No)		No	Yes
Indicator 4: Coastal areas assessed by remote sensing to monitor shoreline changes in targeted areas and summarized in monitoring reports (Hectare(Ha))		685,000.00	3,947,000.00
Indicator 5: Beaches in targeted areas covered by environmental		171.00	204.00

Indicator Name	DLI	Baseline	End Target
monitoring programs (Number)			
Indicator 6: Fish stocks in targeted areas are assessed (Number)		11.00	17.00
Indicator 7: Shellfish production areas in targeted areas covered by the health monitoring program (Hectare(Ha))		10,034.70	14,873.59
Result Area 2: Improve integrated management of natural resources and strengthen selected sectors			
Indicator 8: Tourism areas in Aghroud equipped with basic utility services in accordance with NDC (Text)	DLI 4	No area is equipped. No SDR exists for Aghroud.	594 ha is equipped
Indicator 9: People reached by international and national coastal tourism advertisement campaigns (Number)	DLI 5	0.00	550,000,000.00
Indicator 10: Aquaculture pilot projects completed (Number)		0.00	2.00
Indicator 11: People are professionally trained for a climate-resilient BE and ready to support NDC (Number)		1,075.00	2,090.00
Of which women (Number)		0.00	171.00
11.1: People trained for jobs in aquaculture and the management of ports and public maritime domain and ready to support NDC (Number)		0.00	405.00
11.2: People trained in marine and coastal environmental management and ready to support NDC (Number)		1,075.00	1,685.00
Indicator 12: People consulted for the planning and management of MPAs (Number)		0.00	4,632.00
Of which women (Number)		0.00	555.00
Indicator 13: Sites improved in accordance with biodiversity conservation management plans (Number)		3.00	7.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
<p>Indicator 1: Strengthened institutional frameworks to guide collaborative implementation of the BE strategy in targeted areas</p>	<p>This indicator measures the strength of institutional frameworks to develop a climate-resilient BE. It is measured by using a checklist, which is composed of key aspects of institutional development, such as the application of the BE strategy in preparing the Finance Law and the preparation of progress reports in implementing the BE strategy in targeted areas. The checklist will be used to monitor the progress in these aspects and calculate the total score which will be in the range of 0–10. The checklist will be included in the POM.</p>	<p>Annual</p>	<p>Data sources include annual reports approved by the inter-ministerial commission, meeting minutes of the inter-ministerial commission, and Finance Law.</p>	<p>PIU collects data required to assess institutional developments based on a checklist.</p>	<p>MEF(PIU)</p>
<p>Indicator 2: Tourism MSMEs that are established or transformed in line with NDC pathway for development through SMIT’s incubator program in targeted areas</p>	<p>This indicator measures the total number of MSMEs that are established or transformed with the assistance of the incubator program.</p>	<p>Annual</p>	<p>SMIT's activity reports</p>	<p>SMIT collects data on MSMEs that are supported under the incubator program.</p>	<p>SMIT</p>

Of which led by women	This indicator measures the number of tourism MSMEs led by women that are established or transformed with the support by the incubator program.	Annual	SMIT's activity reports	SMIT collects data on MSMEs including bylaws and other documents describing the management structure of MSMEs.	SMIT
Of which led by youth	This indicator measures the number of tourism MSMEs led by youth (less than 40 years old) that are established or transformed with the support by SMIT's incubator program. The indicator includes MSMEs that are led by young women.	Annual	SMIT's activity reports	SMIT collects data on MSMEs including bylaws and other documents describing the management structure of MSMEs.	SMIT
Indicator 3: Aquaculture farms established and operational in targeted areas	This indicator measures the total number of aquaculture farms established and became operational with technical guidance and capacity development provided by ANDA.	Annual	Technical reports which include information on training, provision of equipment, technical guidance provided and the operational status of the aquaculture farms.	ANDA collects data on capacity development and site visits to aquaculture farms.	ANDA
Of which led by women	The indicator measures the number of aquaculture	Annual	Bylaws, incorporation	ANDA reviews ownership and	ANDA

	farms led by women, which are established and became operational with the support from ANDA.		documents, and other documents describing management structure of the entities that are responsible for aquaculture farms.	management responsibilities to confirm the leadership by women.	
Of which led by youth	The indicator measures the number of aquaculture farms led by youth, which are established and became operational with the support from ANDA.	Annual	Bylaws, incorporation documents, and other documents describing management structure of the entities that own aquaculture farms	ANDA reviews ownership and management responsibilities to confirm the leadership by youth. The youth is defined as people younger than 40 years.	ANDA
Indicator 4: Marine and coastal areas under climate-resilient and sustainable integrated management in targeted areas	The indicator is calculated as the total of the following intermediate result indicators: (a) total coastal forest areas restored, (b) total coastal dunes stabilized, and (c) total marine areas under improved management.	Annual	Activity reports submitted by DPM and ANEF.	PIU compiles data from DPM and ANEF and calculates the total areas.	MEF (PIU)

	See DLI 8 for further details.				
Of which coastal forests	The indicator measures total coastal forest areas restored by Program activities in accordance with NDC pledges and priorities to restore climate resilience.	Annual	Technical reports including field data on the restoration work.	Technical summary reports of coastal forest restoration activities.	ANEF
Of which coastal dunes	The indicator measures total area of coastal dunes stabilized by Program activities.	Annual	Technical reports including field data from the restoration work.	Analysis of technical summary report on the stabilization of coastal dunes.	ANEF
Of which MPAs	The indicator assesses the progress in conserving marine and coastal areas to improve fish stock management. It measures marine areas that are newly declared as part of MPAs. The indicator assesses the progress in creating three MPAs in Agadir, Larache, and Cape Three Forks.	Annual	Decrees designating the locations of MPAs.	The indicator will be verified by official documents establishing the MPAs.	DPM

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
<p>Indicator 1: Progress in the implementation of blue economy communication campaigns</p>	<p>This indicator measures the progress in the implementation of communication campaigns led by MTEDDD. In 2022, a communication plan will be developed with defined targets, communication channels, and key messages. During the subsequent years, the progress will be measured as percentage of progress against the targets set by the communication plan.</p>	<p>Annual</p>	<p>Reports of the communication campaigns.</p>	<p>Analysis of the number of campaigns, communication products (publications and media products) and their reach.</p>	<p>MTEDDD</p>
<p>Indicator 2: Government officials at the national and regional levels certified in capacity building to promote the BE in alignment with NDC</p>	<p>This indicator measures the number of government officials certified in the BE leadership training. It is a proxy to the behavioral changes in the public sector administration at the national and regional levels for the development of the BE through intersectoral cooperation.</p>	<p>Annual</p>	<p>Training reports which includes lists of participants who received certificates along with the details of the training content</p>	<p>Number of certificates issued will be verified against the list of participants.</p>	<p>MEF(PIU)</p>
<p>Indicator 3: A data portal on the BE is operational to enable evidence-based decision-making and implement the BE strategy in line with NDC</p>	<p>This indicator measures the consolidation of blue sector data in a single database. The portal is</p>	<p>Annual</p>	<p>Accessibility to the data portal, records of</p>	<p>Access and updating of the portal are verified.</p>	<p>MEF(PIU)</p>

	considered operational when its accessibility and periodic updates are confirmed as per the verification protocol for DLR 1.3.		updating the portal, access counts		
Indicator 4: Coastal areas assessed by remote sensing to monitor shoreline changes in targeted areas and summarized in monitoring reports	This indicator measures the total areas assessed by remote sensing to monitor shoreline changes including coastal erosions to inform the management and planning of coastal areas. The monitoring results are summarized in technical reports.	Annual	Annual monitoring reports, survey completion reports	Total area will be calculated using GIS.	DPDPM
Indicator 5: Beaches in targeted areas covered by environmental monitoring programs	This indicator measures the progress in the total beach areas covered by environmental monitoring programs led by MTEDDD. The monitoring programs assess environmental quality based on indicators including those related to bathing water quality, pollutants, sediments, and biota. Technical reports will be prepared to analyze the status and the trend of the beach environmental quality.	Annual	Monitoring reports	The percentage of coverage will be measured based on the monitoring reports which describes the number of beaches monitored.	MTEDDD
Indicator 6: Fish stocks in targeted areas	This DLI measures the	Annual	Fish stock	Total number will be	INRH

are assessed	number of fish stocks (coastal and offshore) assessed by INRH.		status sheets	assessed based on the fish stock status sheets.	
Indicator 7: Shellfish production areas in targeted areas covered by the health monitoring program	This DLI measures the shellfish production areas monitored by the health monitoring program conducted by INRH. The health monitoring program for shellfish production areas is carried out in accordance with the regulatory provisions of Order No. 1950-17 of the MAPMDREF to meet national and international health requirements.	Annual	Monitoring reports, which include the areas surveyed, status of the areas and the number of analyses conducted.	Verification of monitoring reports.	INRH
Indicator 8: Tourism areas in Aghroud equipped with basic utility services in accordance with NDC	This indicator measures the progress in developing sustainable tourism in Aghroud. It measures the areas (ha) that are equipped with basic utility services.	Annual	Annual progress reports produced by SMIT.	Analysis of progress reports prepared by SMIT.	SMIT
Indicator 9: People reached by international and national coastal tourism advertisement campaigns	The indicator measures the level of reach of the coastal tourism advertisement campaigns to promote Moroccan tourism at the national and international levels. The number of people includes (a) people reached through media	Annual	Campaign progress reports	Analysis of campaign progress reports	ONMT

	campaigns including through social media, and (b) people reached through in-person events such as international tourism exhibitions.				
Indicator 10: Aquaculture pilot projects completed	The indicator measures the progress in developing and piloting new aquaculture techniques. It measures the number of pilot projects that submit a project completion report.	Annual	Project completion reports	Final reports showing the results of the pilot projects and the opportunities for upscaling and replication	ANDA
Indicator 11: People are professionally trained for a climate-resilient BE and ready to support NDC	The indicator measures the progress in training people on the BE. The indicator will measure two aspects: (a) professional trainings on jobs in blue sectors (aquaculture and the management of ports and public maritime domain), and (b) people trained on environmental management of marine and coastal areas. The indicator will be calculated as the total of indicators that are measuring (a) and (b).	Annual	DPDPM/ANDA /MTEDDD	PIU collects data from ANDA, DPDPM, and MTEDDD and consolidates the total number.	MEF(PIU)
Of which women	The indicator measures progress in training women on the BE to address	Annual	DPDPM/ANDA /MTEDDD	PIU collects data from ANDA, DPDPM, and MTEDDD and	MEF(PIU)

	gender gaps in employment. The indicator is calculated as the total of women trained on the following: (a) aquaculture and the management of ports and public maritime domain (indicator 11.1) and (b) environmental management of marine and coastal areas (indicator 11.2).			consolidates the total number.	
11.1: People trained for jobs in aquaculture and the management of ports and public maritime domain and ready to support NDC	The indicator measures the progress in professional training in the BE sectors. The indicator is calculated as the total of people trained on the management of ports and public maritime domain by DPDPM and on aquaculture by ANDA.	Annual	Activity reports from DPDPM and ANDA. The reports will include attendance lists, training materials, and the records of training certificates issued.	PIU collects data from ANDA and DPDPM and consolidates the total number.	MEF (PIU)
11.2: People trained in marine and coastal environmental management and ready to support NDC	The indicator measures the progress in training people for the sustainable management of marine and coastal ecosystems. The indicator will be calculated as the total of the following: (a) the	Annual	MTEDDD's training records	Training reports which contain a list of participants and information on training hours and training contents.	MTEDDD

	number of environmental officers who complete training on environmental control, and (b) the number of people who complete simulation exercises to enhance preparedness and response to accidental marine pollution.				
Indicator 12: People consulted for the planning and management of MPAs	The indicator measures the level of citizen engagement in planning and managing MPAs. It measures the total number of unique participants who attend meetings related to planning and management of MPA in Agadir, Larache and Cape Three Forks .	Annual	Reports of consultation meetings, management meetings, and planning meetings	Verification of meeting reports including the list of participants	DPM
Of which women	The indicator measures the level of women's participation in the planning and management of MPAs.	Annual	Reports of consultation meetings, management meetings, and planning meetings	Verification of meeting reports including the list of participants	DPM
Indicator 13: Sites improved in accordance with biodiversity conservation management plans	The indicator assesses the progress in conserving biodiversity in marine and coastal areas and measures the number of sites with biodiversity conservation	Annual	Development and management plans. Technical reports on the	Verification of management plans and annual reports	ANEF

	activities based on the management plans.		developments carried out at the sites concerned		
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ANNEX 2. DISBURSEMENT LINKED INDICATORS, DISBURSEMENT ARRANGEMENTS AND VERIFICATION PROTOCOLS

Disbursement Linked Indicators Matrix				
DLI 1	Inter-ministerial commission for the BE is fully operational to guide collaborative implementation of the BE Strategy in Targeted Areas based on, inter alia, scientific evidence and NDC priorities			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	30,000,000.00	8.60
Period	Value	Allocated Amount (USD)		Formula
Baseline	No inter-ministerial commission for the blue economy			
2022	DLR 1.1: Inter-ministerial commission is established; DLR 1.2: Work plans for the inter-ministerial commission are approved by the commission		15,000,000.00	Yes/No (US\$ 10 million for DLR 1.1 and US\$ 5 million for DLR 1.2)
2023	DLR 1.3 A data portal on the blue economy is		5,000,000.00	Yes/No

	operational			
2024	DLR 1.4: A strategic environmental and social assessment to inform the BE strategy is adopted; DLR 1.5: A BE strategy aligned with, inter alia the NDC, is adopted by the Inter-ministerial commission for subsequent implementation in targeted areas		10,000,000.00	Yes/No (US\$ 5 million for DLR 1.4 and US\$ 5 million for DLR 1.5)
2025	—		0.00	—
2026	—		0.00	—
DLI 2	The BE strategy is piloted in two Regions in alignment with NDC			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	30,000,000.00	8.60
Period	Value		Allocated Amount (USD)	Formula
Baseline	No coordinated BE planning at the regional level in line with the national vision			
2022	—		0.00	—
2023	—		0.00	—
2024	—		0.00	—
2025	—		0.00	—
2026	DLR 2: BE action plans with climate resilience provisions are developed and budgeted in two Regions		30,000,000.00	US\$ 15 million per region

DLI 3	Monitoring of the marine and coastal ecosystems in Targeted Areas is enhanced to support evidence-based decision making for a climate-resilient BE			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	59,000,000.00	11.10
Period	Value		Allocated Amount (USD)	Formula
Baseline	(a) Coastal areas: 685,000.00 ha, (b) beaches: 171, (c) fish stocks: 11			
2022	—		0.00	—
2023	—		0.00	—
2024	—		0.00	—
2025	—		0.00	—
2026	DLR 3: (a) Coastal areas: cumulative 3,947,000.00 ha of coastal areas assessed by remote sensing, (b) beaches: cumulative 204 beaches covered by environmental monitoring programs (number), (c) fish stocks: cumulative 17 fish stocks assessed by INRH to provide scientific advice for improved fish stock management (number).		59,000,000.00	(a)US\$4,598/1,000 ha assessed; (b) US\$606,061/beach; (c) US\$4 million/fish stock
DLI 4	Tourism areas in Aghroud are equipped with basic utility services in accordance with NDC			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	63,000,000.00	18.00
Period	Value		Allocated Amount (USD)	Formula

Baseline	0 ha in Aghroud is equipped for sustainable tourism development, No SDR for Aghroud			
2022	DLR 4.1: The Société de Développement Régional SDR “Aghroud Aménagement” is operational.		18,000,000.00	Yes/No
2023	—		0.00	—
2024	—		0.00	—
2025	—		0.00	—
2026	DLR 4.2: Cumulative 594 ha in Aghroud is equipped for sustainable tourism development		45,000,000.00	Disbursement of US \$75,758 per 1 ha equipped for sustainable tourism development in Aghroud
DLI 5	People reached by international and national coastal tourism campaigns			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number	5,000,000.00	7.14
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2022	0.00		0.00	—
2023	0.00		0.00	—
2024	0.00		0.00	—
2025	0.00		0.00	—
2026	550,000,000.00		5,000,000.00	Disbursement of US\$1 million per additional 110 million people

				reached
DLI 6	MSMEs that are established or transformed in line with NDC pathway for development through SMIT incubator program in Targeted Areas			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	34,000,000.00	14.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2022	DLR 6.1: Three Sociétés de Développement Régional SDR are created to support tourism MSMEs in Targeted Areas.		9,000,000.00	US\$ 3,000,000 per SDR established
2023	—		0.00	—
2024	—		0.00	—
2025	—		0.00	—
2026	DLR 6.2: Cumulative 713 MSMEs (minimum 40% led by women) established or transformed in line with NDC pathway for development through SMIT incubator program in Targeted Areas		25,000,000.00	For each 100 SMEs, of which at least 40% are women, US\$3,506,311 will be disbursed
DLI 7	Aquaculture farms established and operational in Targeted Areas			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	29,000,000.00	6.90
Period	Value		Allocated Amount (USD)	Formula

Baseline	0.00			
2022	—		0.00	—
2023	—		0.00	—
2024	—		0.00	—
2025	—		0.00	—
2026	Cumulative 14 aquaculture farms established and operational (minimum 4 led by women)		29,000,000.00	Disbursement of US \$2,071,429 per farm. At least 4 farms to be led by women
DLI 8	Marine and coastal areas under climate-resilient and sustainable integrated management in Targeted Areas			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	100,000,000.00	25.70
Period	Value		Allocated Amount (USD)	Formula
Baseline	(a) Forest 6,292.00 ha, (b) coastal dunes: 0 ha, and (c) marine areas: 0 ha			
2022	—		0.00	—
2023	—		0.00	—
2024	—		0.00	—
2025	—		0.00	—
2026	DLR 8: (a) Forest: cumulative 15,710 ha of coastal forests restored, (b) coastal dunes: cumulative 1,060 ha of coastal dunes stabilized, and (c)		100,000,000.00	US\$371,629 per 100 ha of coastal forests restored; US\$283,018 per 10 ha of coastal dunes stabilized,

	marine areas: cumulative 61,500 ha are covered under MPAs		US\$56,911 per 100ha of MPAs
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Disbursement Linked Indicators Matrix	
Verification Protocol Table: Disbursement Linked Indicators	
DLI 1	Inter-ministerial commission for the BE is fully operational to guide collaborative implementation of the BE Strategy in Targeted Areas based on, inter alia, scientific evidence and NDC priorities
Description	The DLI measures the operationalization of an inter-ministerial commission for the BE (institutional basis to bring together blue sectors and formulate a common strategy and policies). The commission will facilitate coordinated programming across sectors and monitor the implementation of the BE strategy in targeted areas. The commission is expected to be established under the Office of the Chief of the Government and remain operational beyond the Program period. The PIU will serve as the secretariat to the commission. The DLI is measured through the achievement of DLRs. The BE strategy will be prepared in line with NDC to ensure that the strategic directions will be climate-resilient and sustainable. The MEF will prepare a strategic environment and social assessment in parallel with the preparation of the BE strategy to examine E&S implications and ensure that the implementation of the strategy will be sustainable.
Data source/ Agency	MEF
Verification Entity	IGF
Procedure	IGF verifies the following: (a) official documents, such as circulars, establishing the inter-ministerial commission, (b) records of meetings of the inter-ministerial commission, (c) work plans approved by the inter-ministerial commission, (d) official documents confirming the adoption of the BE strategy, and (e) final adopted SESA document. For DLR 1.3, IGF verifies a technical report attesting the operationalization of the data portal. Such technical report should at least cover: (a) accessibility of the BE data portal, (b) regular updating of the data portal, and (c) access counts of the data portal. IGF also verifies the operation of the data portal by accessing and reviewing the portal.
DLI 2	The BE strategy is piloted in two Regions in alignment with NDC
Description	This DLI will measure the progress of vertical and horizontal coordination in two pilot regions (Souss Massa and Tangier-Tetouan-Al-Hoceïma). The DLI is measured based on the development of regional BE action plans with climate resilience provisions. The action plans should be budgeted as part of PDPs. This DLI is designed to support the implementation of NDC.

Data source/ Agency	MEF
Verification Entity	IGF
Procedure	IGF verifies the meeting minutes provided by the MEF, PDPs, and budgeted regional BE action plans.
DLI 3	Monitoring of the marine and coastal ecosystems in Targeted Areas is enhanced to support evidence-based decision making for a climate-resilient BE
Description	The DLI measures the progress in monitoring marine and coastal ecosystems to improve understanding on the status and functioning of ecosystem services, which support the blue sectors. The indicator measures three aspects: (a) assessment of shoreline changes by remote sensing (led by DPDPM), (b) beach environmental monitoring programs (led by MTEDDD), and (c) fish stock assessments (led by INRH). For (a), the program uses remote sensing images to monitor the coastline including coastal erosions associated with climate change, which helps inform actions to mitigate or adapt to changing climate. For (b), the programs covers bathing water, beach sand quality, land and marine pollution, and biota. These data will be analyzed and summarized in technical reports on the environmental status of beaches. The reports could include the number of beaches certified with Blue Flag label. For (c), fish stock assessments include stock assessment by modelling, and stock monitoring through surveys in the marine area. The assessment results indicate the health and the level of exploitation of fish stocks. The assessment of fish stocks will also help understand and monitor the impact of climate change. INRH will use the results to provide scientific advice for improved fish stock management (a fish stock refers to a management unit including space, specie, fleet, and gears). The regional stocks assessed by the Regional Fisheries Management Organizations such as the Fishery Committee for the Eastern Central Atlantic , International Commission for the Conservation of Atlantic Tunas and the General Fisheries Commission for the Mediterranean are not considered in this DLI.
Data source/ Agency	DPDPM/MTEDDD/INRH
Verification Entity	IGF
Procedure	IGF verifies reports by the PIU consolidating the monitoring data provided by DPDPM, MTEDDD, and INRH. The reports should include the letters signed by DPDPM, MTEDDD, and INRH communicating a copy of technical reports detailing the monitoring programs implemented by the respective implementing entities.
DLI 4	Tourism areas in Aghroud are equipped with basic utility services in accordance with NDC
Description	This DLI will incentivize the Government’s new regionalization approach to create an SDR for the management and equipment of Aghroud. Coordinated efforts and actions by the SDR will be critical for climate change adaptation and

	resilience, where individual tourism operators may lack resources, capacity, or motivation to adequately prepare and adapt to climate change. The establishment of the SDR serves as a precondition for SMIT to initiate the work. In this DLI, areas are considered to be equipped when climate-informed basic utility services are provided. Climate-informed basic utility services mean that mitigation and adaptation measures to climate changes are considered for utility services. In accordance with the PAP (annex 6), an ESIA with the ESMP needs to be prepared before initiating structural activities.
Data source/ Agency	SMIT
Verification Entity	IGF
Procedure	IGF verifies (a) an agreement establishing the SDR for Aghroud, (b) an agreement signed between the MEF and SMIT, (c) delivery certificates per development phase, and (d) letters signed by SMIT which communicate a copy of progress reports attesting the areas (ha) developed and equipped.
DLI 5	People reached by international and national coastal tourism campaigns
Description	ONMT conducts national and international tourism campaigns to promote the existing destinations in the targeted areas and more specifically the tourism business ecosystem where MSMEs will be developed as well as the existing ecosystems near Aghroud. The progress of the campaign will be measured by the number of people reached by the campaigns. The campaigns include both digital and in-person events. Disbursements will be proportional to the annual targets, calculated on the basis of US\$5 million per additional 110 million people reached through the campaigns.
Data source/ Agency	ONMT
Verification Entity	IGF
Procedure	IGF verifies letters signed by ONMT communicating copies of annual technical reports attesting coastal tourism campaigns which include the number of people reached through media and in-person events.
DLI 6	MSMEs that are established or transformed in line with NDC pathway for development through SMIT incubator program in Targeted Areas
Description	This indicator measures the total number of MSMEs that are established or transformed with technical and financial assistance provided by SMIT. The indicator has two elements: (a) the number of new MSMEs established, and (b) the number of existing MSMEs transformed through the incubator program. The percentage of women-led MSMEs will be calculated as: the number of MSMEs led by women that are established or transformed / total tourism MSMEs that are established or transformed x 100.
Data source/ Agency	SMIT

Verification Entity	IGF
Procedure	IGF verifies letters signed by SMIT attesting (a) the establishment of SDRs, and (b) the number of MSMEs that are established or transformed in line with NDC pathway for development, along with supporting documents. For (a), relevant agreements for the establishment of SDRs will be verified. For (b), SMIT will provide reports including the list of MSMEs that are established or transformed through the incubator program. The leadership by women and youth will be verified with bylaws and other official documents demonstrating the management structure of the MSMEs. For newly established MSMEs, documents such as the attestation of the status of self-entrepreneur and the proof of creation of an enterprise issued by the CRI will be verified. For existing MSMEs, transformation of services and products will be verified through training certificates issued by SMIT.
DLI 7	Aquaculture farms established and operational in Targeted Areas
Description	This indicator measures the total number of aquaculture farms established with technical guidance and capacity development provided by ANDA. The indicator measures the number of projects that have benefitted from aquaculture advice and technical assistance from ANDA for the formulation of the investment project notwithstanding the date of authorization of the aquaculture farm. The technical guidance will be based on best available scientific knowledge and include the adaptation to climate change. At least 4 farms are to be led by women.
Data source/ Agency	ANDA
Verification Entity	IGF
Procedure	IGF verifies letter signed by ANDA attesting the number of aquaculture farms established. IGF may conduct field visits to randomly sampled aquaculture farms to verify the establishment of the farms. The leadership by women will be verified through bylaws and other official documents demonstrating the management structure for the aquaculture farms.
DLI 8	Marine and coastal areas under climate-resilient and sustainable integrated management in Targeted Areas
Description	The DLI measures improved management in three ecosystems: (a) coastal forest restored, (b) coastal dunes stabilized, and (c) creation of MPAs with management plans. For (a), the restoration is considered to be completed once the ANEF completes the restoration activities. The restoration of coastal forests serves as a climate mitigation action by enhancing the removal of carbon dioxide from the air, and it serves as an adaptation measure to reduce flooding risks in the coastal areas. For (b), coastal dunes are considered to be stabilized once ANEF completes restoration work. The restoration work involves fixing coastal dunes, and providing biological and mechanical treatments. The restoration work will help reduce flooding risks, which are being elevated due to climate change. For (c), marine areas are considered to be under improved

	management measures when they are designated under MPAs under Law 22-07 and managed based on management plans. The creation of MPAs is fully aligned with the NDC and supports both mitigation and adaptation while rebuilding ecological and climate change resilience.
Data source/ Agency	ANEF/DPM
Verification Entity	IGF
Procedure	IGF verifies letters signed by the PIU communicating a copy of technical reports provided by ANEF and DPM. ANEF will provide a copy of: (a) annual reports attesting annual Program-Contracts signed by the Regional Directorates for Water and Forests and the Fight against Desertification (<i>Direction Régionale des Eaux et Forêts et de Lutte Contre la Désertification, DREFLCD</i>), and (b) consolidated annual report showing progress in restoring activities undertaken by the ANEF (ha). DPM will provide a copy of the following documents: (a) annual monitoring reports, (b) decrees establishing MPAs with their respective locations, and (c) decisions signed by DPM with a copy of corresponding management plan for respective MPAs. IGF will carry out additional verification through randomized field surveys in selected locations to verify restoration activities for coastal forest and dunes as well as the management activities in MPAs.



ANNEX 3. TECHNICAL ASSESSMENT

A. STRATEGIC RELEVANCE AND TECHNICAL SOUNDNESS

1. **The technical assessment confirmed that the Program has high strategic relevance aligned with the NDM (May 2021) around its three strategic pillars:** (a) national food security, (b) economic development and creation of employment at the regional level, and (c) protection and sustainable use of natural resources. The BE strategy to be developed under the Program will mobilize all blue sector actors under one coherent strategy and its implementation in targeted areas will enhance the implementation of existing national and sectoral strategies.⁵⁰ The Program's strategic relevance is further underscored by its contribution to Morocco's NDC for climate change mitigation and adaptation under the UNFCCC and its implementation strategies.⁵¹ Further details are available in annex 8.

2. **The technical assessment confirmed that Program design and implementation modality are technically solid, well designed, and based on broad consensus among involved stakeholders and beneficiaries.** The Program design was informed and underpinned by analytical work and lessons learned from previous investment projects and PforRs in Morocco. RA 1 has been designed to create the enabling conditions for the development of the BE including strategic planning, coordination, and establishment of a firm scientific basis. These factors enhance the outcomes of RA 2 by supporting coordinated BE sector activities and fostering environmental protection.

3. **The selected activities are adequate, realistic, and well balanced to achieve the Program's expected results within the overall technical design of the Program.** They were carefully assessed and selected based on their potential to (a) establish institutional frameworks for an integrated approach, (b) boost the performance of the key BE sectors, (c) enhance the resilience of marine and coastal ecosystems, and (d) facilitate innovation, research, and development. The choice of institutions at the national and regional levels is adequate to cover the breadth of the BE sector, foster innovation in the BE, and promote the upscaling of innovative approaches across the BE.

4. **The technical assessment informed the design, choice of activities, and implementation arrangements for the two RAs and their related sub-RAs as detailed in the following paragraphs.**

5. **RA 1 has been designed to reinforce the enabling environment for the BE development.** As underlined by World Bank analytical work,⁵² the current institutional landscape in Morocco is marked by the absence of an institution exclusively responsible for the BE, able to coordinate all the actions of involved actors with a view to promoting synergies and complementarities and fostering effective integration of sectoral policies. The Program is specifically designed to break silos and address limited horizontal and vertical coordination by establishing an inter-ministerial commission to promote cooperation and coordination between sectors at both the national and regional levels in targeted areas. This will serve as a multistakeholder platform and allow cross-sectoral coordination of public policy on the use, management, and conservation of marine and coastal resources. It will act in close collaboration with the other key stakeholders including the private sector, academics, NGOs, and civil society organizations

⁵⁰ These strategies include the National Sustainable Development Strategy (2017–2030); the Tourism Development Strategy; the Halieutis Plan (being updated); the National Port Strategy - Horizon 2030; and the Forest Strategy 2020–2030.

⁵¹ The strategies include the Morocco Green Plan and the Preservation and Sustainable Forest Management Strategy.

⁵² World Bank. 2020. *Building Forward Blue in Morocco*. Technical Note, p. 29



to coordinate solutions for conflicts of use, integrate investments, and inform the preparation of the Finance Law in an articulated and collaborative manner.

6. **Sub-RA 1.1: Strategic planning and institutional development.** Building on innovative international experiences,⁵³ the Blue Economy Development Framework,⁵⁴ and the diagnostic of the Morocco BE,⁵⁵ the formulation of the BE strategy in targeted areas will be spearheaded by the MEF and coordinated through an inter-ministerial commission.⁵⁶ The future strategy should serve as a political reference to inform political, institutional, and fiscal reforms and, if necessary, provide an initial assessment of investment needs to guide and facilitate this transition.

7. The MEF will lead the preparation of an SESA of the BE strategy to ensure the integration of environmental and social considerations and comply with global best practices on stakeholder engagement. A dedicated data portal will be developed to enable evidence-based decision-making to support the inter-ministerial commission to address the lack of data on the BE and promote knowledge dissemination.⁵⁷ Finally, building upon the experience of METDDD in environmental communication domain, targeted communication around the BE through media campaigns focusing on environmental awareness and the sustainable use of coastal and marine environments will help raise awareness on the value added of a sustainable and climate-resilient BE growth.

8. **Sub-RA 1.2: Pilot regional coordination approaches.** Relying on international experiences⁵⁸ to create ‘coastal clusters’ as a policy tool or a way to stimulate economic growth and create jobs in the BE and based on the recommendation from the NDM to foster the BE at the regional level in Morocco, the Program has been designed to support regional coordination mechanisms in targeted areas as the basis for the creation of ‘coastal clusters’ in Tangier-Tetouan-Al-Hoceïma (Mediterranean coast) and Souss-Massa (Atlantic coast). This will simulate public-private coordination in BE value chains and academic and associated bodies, led by a secretariat at the regional level to coordinate BE stakeholders and in close coordination with the PIU and DGCT.⁵⁹

9. **Sub-RA 1.3: Establishment of scientific bases.** The lack of data and sector-focused monitoring programs highlights the need for strengthening monitoring systems and creating a more integrated data system to support decision-making for the BE. The data system will support monitoring the environmental status of marine and coastal ecosystems and reporting on dedicated environmental indexes and monitoring programs (coastal erosion, coastal and marine pollution and incidents, and fish stocks) in targeted areas and feed into the BE data portal developed in RA 1.1. The Program will also reinforce

⁵³ Countries such as Albania, Bulgaria, and Seychelles have already developed and adopted BE strategies.

⁵⁴ <https://thedocs.worldbank.org/en/doc/915191553141931804-0120022019/render/BH023BlueEconomydigital.pdf>

⁵⁵ World Bank. 2020. *Pour une reprise résiliente, inclusive, durable et efficace. Opportunités de l'économie bleue au Maroc.* p. 146.

⁵⁶ Including the ministries and departments of the key blue sectors as well as the regions to ensure a common approach to the BE.

⁵⁷ As recommended by the World Bank analytical activity (2020).

⁵⁸ UfM. 2019. *Maritime Clusters in the Mediterranean Region.* p. 45.

⁵⁹ This process will (a) ensure the secretariat of the coastal clusters; (b) inform the coastal cluster with orientations and decisions taken by the inter-ministerial commission for the blue economy; (c) coordinate the support of the proposals of the coastal cluster by the councils of local authorities and by the sectoral departments; (d) organize the programming and financing by the national government and the local authorities of programs and projects (developments, equipment, actions, and measures); and (e) make available and update a dashboard presenting information on the state of marine and coastal resources, public and private activities, and investments aimed at their protection and valorization.



sustainable management of marine ecosystems and halieutic resources in targeted areas through targeted research and development projects in oceanography and fisheries.

10. **RA 2 has been designed to implement selected BE sector activities and protect vulnerable natural capital at the same time in targeted areas.**

Sub-RA 2.1 Strengthening economic development and capacity of key marine and coastal sectors

- **Developing aquaculture sector.** The design and choice to develop 14 new marine aquaculture farms/MSMEs⁶⁰ and pilot innovative climate-resilient seaweed farming and shrimp production are informed by lessons learned from the 2020 Halieutis Strategy⁶¹ and sector analytical work led by ANDA,⁶² highlighting the potential and need of the sector and investment opportunities in aquaculture in Morocco's regions.⁶³ The sector remains generally underdeveloped compared to other Mediterranean countries (Tunisia, Spain, Turkey, and so on), while at the national level, the demand for fish products is growing⁶⁴ and could not take off without incentives for foreign investors and small businesses that could be carried out by ANDA.⁶⁵
- **Developing coastal tourism.** The Government has prioritized the creation of new investment opportunities and jobs to promote recovery from the COVID-19 pandemic. Based on SMIT's analytical work⁶⁶ on the expected coastal tourism development in the Souss-Massa region, relying on its Sustainable Tourism Product Master Plan⁶⁷ and experience in developing eco-responsible tourist resort at Taghazout,⁶⁸ this assessment finds that Aghroud, as part of the six structuring projects included in the Tourism Strategy 2020 focused on eco/sustainable development,⁶⁹ is particularly relevant for a further diversification of the tourism offer in the region. Aghroud is characterized by a nature-integrated development including local

⁶⁰ The farms will generate additional production of more than 700 tons per year and create up to 250 direct and indirect jobs.

⁶¹ Coastal planning for sustainable aquaculture carried out, quality of life and work of artisanal fishers improved, local fish consumption promoted, scientific knowledge and monitoring of stocks strengthened, fisheries management plans and measures implemented, quality of fishery products optimized, jobs created increasing from 61,650 in 2007 to 115,000 in 2020

⁶² ANDA. 2013. *Étude de Benchmarking des Marchés des Produits Aquacoles*. [Benchmarking study on the markets of aquaculture products]

⁶³ ANDA, Aquaculture investment opportunities in Morocco.

https://www.anda.gov.ma/sites/default/files/Brochure_ANDA_en.pdf.

⁶⁴ ANDA. 2018. *Aquaculture Marine Marocaine: Potentiel et Nécessités de Développement*. [Moroccan Marine Aquaculture: Potential and Necessities of Development] <https://www.anda.gov.ma/sites/default/files/EtudeV03012018.pdf>.

⁶⁵ A competent and dynamic agency as evaluated by FAO (FAO. 2019. *Appréciation de l'action globale et des réalisations sectorielles de l'agence nationale pour le développement de l'aquaculture (ANDA) et appui à l'élaboration d'une stratégie pour le développement de l'aquaculture au Maroc*. [Assessment of the overall action and sectoral achievements of the national agency for the development of aquaculture (ANDA) and support for the development of a strategy for the development of aquaculture in Morocco] p. 7).

⁶⁶ SMIT. 2019. *Aghroud Master Plan Station Touristique - Phase 1 Diagnostic de l'offre de la demande et orientations stratégiques*. [Aghroud Resort Master Plan- Phase 1 Diagnosis of supply and demand and strategic orientations] Juillet 2019. Atel France.

⁶⁷ Consisting of a roadmap to enable it to meet the challenges of the sector by developing a product in line with the guidelines of the National Environmental Charter.

⁶⁸ Since 2011 through the 'Société d'Aménagement et de Promotion de la Station Taghazout' [Taghazout Resort Regional Development and Promotion company] (SAPST), some 20 km north of Agadir.

⁶⁹ See Stratégie du Tourisme au Maroc. [Tourism strategy in Morocco] Vision 2020. Mai 2019. <https://www.icao.int/meetings/moroccan-economic-forum/documents/tourismmaroc.pdf>.



communities providing the existing village with access to utilities. Moreover, in January 2020, the High Royal Orientations called for an integrated support and financing to businesses, which was translated into the 'Moukawala Siyahia' program in support of tourism MSMEs. These MSMEs demand increasingly diverse skills to remain competitive but lack opportunities for skill development to launch new tourism services and products. The Program design seeks to support a targeted approach with a selection of activities in support of MSMEs in targeted areas, notably (a) training programs; (b) financial support;⁷⁰ (c) studies, advisory services, and training for up to 90 percent of the cost; and (d) promotion of digitalization and innovation for the sector. Based on the need for appropriate advertisement campaigns to promote sustainable coastal tourism,⁷¹ the Program includes specific activities (targeted communication, advertising campaigns and festivals) to highlight key regional assets and tourist sites at both the national and international levels including existing destinations such as Aghroud-Agadir in the targeted areas and more specifically in the tourism ecosystems where MSMEs will be developed as well as the existing ecosystems near Aghroud.

- **Improving sustainable management of port and maritime domain.** As ports play a key role in the development of the BE, the assessment has identified the opportunity to strengthen the development and training of professionals in applying national technical guidelines for sustainable port design and management in targeted areas. This represents an upgrade in the existing system with more qualified expertise in the application of guidelines based on best international practices.

11. **Sub-RA 2.2: Protect marine and coastal assets.** Environmental degradation to Morocco's coastal areas costs US\$260 million annually, equivalent to 0.27 percent of Morocco's GDP.⁷² The two main threats for productive jobs in the blue tourism are coastal erosion and plastic pollution. The sub-RA is designed to protect marine and coastal assets and reverse degradation in targeted areas.

- **Enhancing coastal resilience through restoration and sustainable forest management.** The technical assessment reviewed the proposed restoration and conservation actions⁷³ led by ANEF in targeted areas and confirmed their alignment with the best international practices in managing and rehabilitating coastal-protected areas. The activity aiming to protect Agadir from flooding through watershed management of coastal areas of targeted zones is backed up by a sound technical study,⁷⁴ detailing the works to correct the erosion runoff and providing confidence in the technical design of the activity.
- **Implementing participatory management plans for biodiversity conservation and protection.** As part of its sovereign function, ANEF manages the forest domain and all

⁷⁰ This includes different premiums between 10 percent and 50 percent, depending on the type of supported activity.

⁷¹ This includes promoting new destinations and revitalizing tourism following the COVID-19 pandemic.

⁷² World Bank. 2016. *Cost of Environmental Degradation*.

⁷³ In total, 9,418 ha of coastal forest will be restored and 1,060 ha of coastal dunes will be stabilized in targeted areas. Seven sites will be prepared for biodiversity conservation in accordance with management plans. The design of the activities will maximize the benefits for the local communities.

⁷⁴ ANEF. n.d. *Etude technique d'aménagement sous bassins versants d'Agadir pour lutter contre les inondations – Phase terrain, correction torrentielle*. [Technical study of the development of the sub-basins of Agadir to fight against floods - Field phase, torrential correction]. p. 62.



biodiversity conservation sites.⁷⁵ The technical assessment identified the need to reinforce the management and support for the nature-based development of targeted critical coastal areas, increasing biodiversity and attractiveness of these areas for nature-based tourism. Actions will be implemented directly through local authorities, contractors, or NGO/community-based nature conservation organizations in targeted areas.

- **Enhancing planning and management of MPAs.** To promote participatory management of fisheries, the technical assessment advised to establish three MPAs for fisheries management aiming at sustaining the fish population within three nautical miles from the coastline, with a total estimated area of 61,500 ha: (a) Cape Three Forks on the Mediterranean coast, (b) Larache, and (c) Agadir on the Atlantic coast. Based on Morocco's experience in establishing three MPAs in 2014 at Alboran, Mogador, and Massa, the approach also considers and mitigates short-term impact on artisanal fishing communities, addressed with stimulus and support (capacity building, equipment provision, and income generating activities). Activities are explicitly designed to strengthen coordination with the research activities of INRH in this field and transfer innovations to local fishing communities.
- **Conducting professional training to reduce marine pollution and enhance preparedness for accidental pollution.** Pollution is a key driver of coastal degradation in Morocco. Training related to environmental policing and control will be provided by METDDD to strengthen the staff capacities relating to environmental regulations including control of industrial discharge dumped on the coast in targeted areas. To enhance preparedness for accidental pollution, METDDD will run simulations exercise (Simulex, started in 2002) of the National Emergency Plan to Fight against Accidental Marine Pollution (PUN) every two years (in 2022, 2024, and 2026) during the Program implementation.

12. **The activities have been selected based on their readiness⁷⁶ and sustainability for implementation ensuring that the anticipated results can effectively be achieved and all activities can be completed within the duration and framework of the Program.**

PROGRAM ECONOMIC EVALUATION

13. **Public sector financing is justified by global and domestic public goods generated through Program interventions.** The Program supports investments in fisheries, coastal tourism, and an emerging aquaculture subsector, while ensuring efforts for sustainable marine and coastal resource management. Public financing allows for intersectoral coordination that facilitates synergies and enables future private sector participation.

14. **The GoM seeks the World Bank's support to mobilize diverse BE sectors to create a multisectoral national BE program.** The PforR instrument allows for aligning stakeholder interests, identifying synergies and trade-offs, and incentivizing coordination among key stakeholders. World Bank expertise in supporting governments through economic recovery in a sustainable and inclusive way will help break silos and support the cluster approach.

⁷⁵ Including the SIBEs, RAMSAR sites, and national parks.

⁷⁶ The readiness analysis is supported by feasibility studies, previous experience of the involved partners in the respective fields, and institutional arrangements that support the implementation of the activities.



15. **Assessment methodology.** The economic analysis focuses on tourism, biodiversity, and ES accounting for 97 percent of the value of expenditure framework activities.⁷⁷ Beyond economic benefits, formal intersectoral coordination and synergies improve resource use efficiency and create space for additional investments and job creation.

16. **The Aghroud site development entails a public and a private component, where the public entities play a role in developing the tourism zone.** A total of US\$159.2 million (DH 1.5 billion), split between SMIT and the region, of public resources will enable the development and equipment of the Aghroud tourism area for the private sector to construct hotel building and entertainment facilities in the future. The estimated gearing is 3.54, that is, US\$575.0 million (DH 5.3 billion) of expected private investment stimulated by the Program. The evaluation yields an NPV of US\$216.7 million (DH 2 billion), a BCR of 1.31, and an IRR of 9.5 percent. SMIT estimates that running expenses will create about 3,000 jobs.

17. **Support to MSMEs occurs through grants for new or existing companies.** The economic model builds on workfare programs literature,⁷⁸ where social transfers (as wages) count as benefits in addition to investment productivity. Benefits are computed over five years, where each year, a company lives or dies. If it lives, a financial return (IRR) and social transfers through wages are generated; if not, company assets are sold at a depreciated market value. Companies surviving through the time horizon entail residual value. The model yields an NPV of US\$3.7 million (DH 35 million), a BCR of 1.1, and an IRR of 8.0 percent. Over 1,000 jobs will be created, though many will not last. About US\$12.4 million (DH 115 million) in private capital is expected to be invested as a result of the Program.

18. **Modeled marketing effects yield an NPV of US\$73 million (DH 676 million), a BCR of 1.7, and an IRR of 39.4 percent.** The estimates are not overly optimistic. Australian examples show returns of 1:3 to 1:36.⁷⁹

19. **Biodiversity and ES activities include US\$76.6 million (DH 721.5 million), that is, 17.5 percent of program value, on land protection and US\$51.2 million (DH 481.8 million), that is, 11.7 percent, on marine food production.** Asset value is estimated as the product of a surface unit value with the asset total surface. This is a baseline over which it is assumed the Program yields 1 percent of benefits each year, over 10 years. This conservative perspective uses available studies and meta-analysis in a transfer benefit model, weighed for the Program context, accounting for uncertainty through probabilistic modelling. The cumulative probability distribution of the BCR shows strong economic rationale, with < 1 percent probability of a BCR below 1, BCR between 1 and 3 in 94.8 percent of all tested scenarios, and 4.4 percent with a BCR over 3. Mean BCR, NPV, and IRR are, respectively, 1.98, US\$172 million (DH 1.6 billion), and 34.3 percent.

⁷⁷ (a) US\$159.2 million (DH 1,500 million) for Aghroud site development (SMIT); (b) US\$37.5 million (DH 353 million) for MSMEs in littoral environments (SMIT); (c) US\$102.4 million (DH 964 million) for tourism marketing (ONMT); (d) US\$76.6 million (DH 721 million) for forest protection (DEF); and (e) INRH, ANDA, and DPM lines tallying US\$51.2 million (DH 482 million) for marine development.

⁷⁸ Ravaiillon, M. 1998. "Appraising Workfare Programs." Policy Research Working Paper 1955, World Bank, 1998.

⁷⁹ Deloitte Access Economics. 2012. *Economic Impact of Tourism Marketing Expenditure in Tasmania*.

<https://www.ecotourism.org.au/assets/Resources-Hub-Ecotourism-Research/Economic-impact-of-tourism-marketing-expenditure-in-Tasmania.pdf>; Kulendran, N., and L. Dwyer. 2009. "Measuring the Return from Australian Tourism Marketing Expenditure." *Journal of Travel Research* 47 (3): 275–284. <https://doi.org/10.1177/0047287508322786>.



20. **The overall NPV is US\$465 million (DH 4.3 billion), with an IRR of 13.5 percent and a BCR of 1.46.** Estimated gearing for private capital enabled through the Program is 2.9, that is, US\$587 million (DH 5.4 billion) and 8,000 jobs generated (table 3.1).

Table 3.1. Summary of Economic Analysis Results

	Aghroud	MSMEs	Marketing	Biodiversity and ES	All
NPV (US\$, millions)	217	4	73	172	465
NPV (DH, millions)	2,003	35	676	1,587	4,301
BCR	1.31	1.10	1.70	1.98	1.46
IRR (%)	9.5	8.0	39.4	34.3	13.5
Jobs	5,000	3,000	—	—	8,000
PCE (US\$, millions)	575	12	—	—	587
PCE (DH, millions)	5,315	115	—	—	5,429
Gearing	3.5	0.3	—	—	2.9

21. **The benefits of assessed activities largely outweigh their costs, with the highest BCR from biodiversity and ES activities and highest IRRs found in marketing and biodiversity and ES.** Development of Aghroud and MSMEs is expected to create thousands of jobs with incalculable spillover effects to local communities.



ANNEX 4. FIDUCIARY SYSTEMS ASSESSMENT

- 1. As part of the Program preparation, the FSA of the Program was carried out, consistent with Bank Policy and Bank Directive: ‘Program-for-Results Financing’ and the World Bank Guidance Notes for ‘Program-for-Results Financing’.** The objective of the assessment was to examine whether Program systems provide reasonable assurance that the financing proceeds will be used for their intended purposes, with due attention to the principles of value for money, economy, integrity, fit for purpose, efficiency, effectiveness, transparency, fairness, and accountability.
- 2. Data collection and methodology.** The FSA was carried out by the World Bank Fiduciary team that included FM and procurement specialists. The assessment was conducted based on (a) the knowledge of the FM and procurement systems in Morocco; (b) the national PEFA report completed in 2017;⁸⁰ (c) the analysis of quantitative and qualitative fiduciary data made available by the INRH, DAAG, DEF (currently ANEF), MTEDDD, SMIT, ONMT, ANDA, DPM, and DPDPM; and (d) various reports issued by the oversight bodies of IGF, the National Instance of Probity, Prevention, and the Fight against Corruption (*Instance Nationale de Probité, de la Prevention et de la lutte contre la corruption*), the National Commission for Public Procurement (*Commission Nationale de la Commande Publique, CNCP*), and the COA and IGF audit reports of annual financial statements of operations implemented in these sectors.
- 3. Based on the Program boundaries and expenditure framework, the FSA covered all nine implementing entities, which provided fiduciary information.** INRH, DEF, SMIT, ONMT, and ANDA represent more than 96 percent of the PEF. Other entities—namely DPM, DAAG, MTEDDD, and DPDPM—constitute the remaining 4 percent of the PEF. All entities are substantially involved in the coordination of the Program and implementation of its RAs. Except MTEDDD, involved in the World Bank-financed Integrated Coastal Zone Management Project (P121271), all implementing entities have no experience in implementing World Bank-funded operations. The last supervision mission of the operation managed by MTEDDD conducted in October 2017 rated the FM and procurement performance and risk, respectively, Satisfactory and Low. For the operations managed by the MEF, Morocco COVID-19 Social Protection Emergency Response Project (P172809) and Morocco Public Sector Performance Program (P169330), recently approved by the World Bank, the fiduciary risk was rated Substantial. The fiduciary team reviewed the government program and nine subprograms extracted from the general budget of the state and related special funds,⁸¹ following the performance-based nomenclature set by the 2015 Finance Law and reflected in the Performance Projects (*Project de Performance*) of entities.

Program Expenditure Framework

- 4.** The PEF, as detailed in the procurement section below, will mostly finance services to be executed by line ministries: MEF, METSD, METLE, MT, and MAPMDREF.
- 5. Alignment of the budget with government priorities, classification, sustainability, and predictability is assessed as adequate.**

⁸⁰ A new PEFA exercise is under discussion with the Government to be performed in 2022.

⁸¹ Special funds are aligned with the General Budget of the State which conforms with COFOG as confirmed by the last PEFA report (rated A).



6. **Fiscal sustainability: Implications of the fiscal context on the PforR.** Given the Government's high priority to conduct public sector reform and digitalization, it is expected to have a positive long-term impact on the fiscal outlook by contributing to broadening the fiscal basis, increasing fiscal revenues, and enhancing efficiency of spending. So far, the GoM has provided adequate support to all World Bank-funded PforR operations. No specific fiscal sustainability issue has been faced.
7. **Program financial sustainability and predictability.** Program activities reflected in the expenditure framework meet the directions set by the Government and the regional authorities. The Program budget structure is clear in terms of sources of funding, budgetary vehicles, and categories of expenditures. The sustainability of the expenditure framework of participating entities is ensured by several tools. First, the medium-term expenditure framework is annually updated through the Finance Law. Second, the annual performance plan, which describes the key programs, the associated budget, and performance indicators, is endorsed by the Parliament. Third, the annual performance report which summarizes the results achieved and the budget executed for a given year supports the next draft Finance Law. The Program is included and articulated with the abovementioned tools.
8. **The success of the Program, however, depends on the enforcement of consolidated policy and institutional frameworks between entities and the implementation of critical activities by each entity.** It also depends on the diligence of the entities to achieve these results in the BE space to a high standard while also minimizing cost and time. This risk is exacerbated by the fact that some entities, such as DEF and SMIT, are transitioning to a different institutional framework as an agency (SOE) and delegating construction/management to third parties. Two SDRs, led by SMIT, are not yet created or operational. This risk is mitigated by the PforR instrument which requires DLIs to be met before disbursement. It will also be mitigated by capacity-building measures for these entities at the central and local levels that will be implemented through separate TA, funded by trust funds. The MEF intends to create an inter-ministerial commission, supported by TCs to oversee the Program implementation. The Program will also depend on the monitoring of DLI achievement and Program implementation with the establishment of a reinforced PIU within DB/MEF.
9. **Overall, as per the 2017 PEFA,⁸² the predictability of GoM expenditures is robust with the indicator on predictability rated as 'A' with timely release of budget appropriations to the budget holders.** The most recent end-year budget execution report for the MEF,⁸³ dated 2020, shows a satisfactory payment rate of 108 percent.
10. **Program expenditures.** The PEF extracted from the GoM's 2020–2022 Three-Year Program Budget is grounded in the General State Budget (*Budget Général de l'Etat*). It is aligned with GoM priorities, classification, sustainability, and predictability which are rated as 'A' as per the 2017 PEFA. Program implementation could be negatively affected by the number of government entities involved. This risk will require strengthening coordination efforts among participating entities.
11. **Budget structure.** The Program budget structure is clear in terms of sources of funding, budgetary vehicles, and categories of expenditures. The Program will utilize the budget programs of the following line ministries: MEF (P130-10-61, P115-00-10), METSD (P501), METLE (P439), MAPDREF (P421, P422, P423, P424, P440), and MT (P403, P404). The General State Budget is the main source of funding of this

⁸² Morocco PEFA Diagnostic (P151991).

⁸³ Then called the Ministry of the Economy, Finance, and Administrative Reform.



budget program besides participating partners at the regional level. Its budget structure is aligned with the General State Budget, which conforms with the international budget classification (COFOG) as confirmed by the last PEFA report (rated A). Planned expenditures will be incurred between 2022 and 2026.

12. **The Program will use general budget to implement expenditures as well as special funds supporting DAAG, DEF, and DPDPM investments.** DAAG manages an administrative account or SEGMA⁸⁴ included in the MEF's investment budget and controlled and executed as part of the state budget. SEGMA expenditures, targeting the upgrade of professional skills of MEF staff to support the reforms initiated by the department, have been stable in execution for the last three years. It has seen its resources increase by 30 percent since 2018. Two special funds represent more than two-thirds of DEF budget: the Continental Hunting and Fishing Fund (*Fonds de la Chasse et de la Pêche Continentale*, FCPC) and the National Forest Fund (*Fonds National Forestier*). Both special funds have been stable in their execution for the last three years. Thus, the FCPC recorded increasing incomes and expenditures of 10.7 percent and 33.5 percent, respectively, between 2017 and 2019. The DEF budget increase through the special funds has had a positive impact on investment in the sector as highlighted in the latest audit report of the COA on the entity. The third special fund for Delimitation and Preservation and Valorization of Public Maritime and Port Domain (*Fonds de Délimitation de Préservation et de Valorisation du Domaine Public Maritime et Portuaire*), created in 1997 to allow the accounting of operations relating to the delimitation of the maritime and port public domain, has also been stable for the last three years, with a slight decrease in expenditures in 2020. It is mainly due to the impact of the COVID-19 pandemic crisis. All funds are stable and aligned with the General State Budget which conforms with the COFOG as confirmed by the last PEFA report (rated A⁸⁵). Thus, the financial sustainability of these special funds is closely linked to the General State Budget which is assessed as adequate with the help of a robust macroeconomic framework. The Program predictability aligned with the General State Budget is adequate as per the national 2017 PEFA, with timely release of the budget's appropriations to the budget holders.

13. **Expenditure will be subject to procurement.** No specific activity or expenditure has been identified as a high-risk activity. Mitigation measures will be implemented as per the Program Action Plan (annex 6). These mitigating measures would enable to successfully achieve the interlinked activities, such as the development of a detailed POM by the PIU established within the MEF's DB that will include fiduciary reporting arrangements.

14. **Effectiveness and transparency.** The Program's activities included under the expenditure framework are subject to technical and financial assessments to ensure timely execution at envisaged costs. In addition, the Program executing entities will be supported by a TA and training plan during Program preparation (trust funds for TA and capacity building) and the support of another World Bank-financed operation Ennajaa (P169330) improving performance and transparency of government operations, public spending, and service delivery. Transparency will then be reinforced through (a) support of the opening of public procurement data through the reports published from the procurement observatory and (b) the piloting of the OCDS. The Program's own fiduciary risk control mechanisms (which are more fully assessed within the FSA) provide further driver of efficiency of expenditures and transparency under the Program. All Program activities are subject to a comprehensive set of measures

⁸⁴ SEGMA are administrative accounts added to the General State Budget to support social and training activities. These accounts' budget are voted annually through the Finance Law.

⁸⁵ 'A' being the highest score.



aiming to ensure effectiveness and transparency including the publication of monthly state and local public expenditures bulletin by the Treasury of the Kingdom (TGR)⁸⁶ and the annual reporting on the state's expenditures, which is annexed to each Finance Law approved by the Parliament.⁸⁷

15. **Specifically, the Program will be financed over five years (2022–2026) for a total of US\$438.90 million, including an IBRD loan of US\$350 million.** The Program expenditures under the two RAs can be grouped under three main procurement categories: works (41 percent), (b) goods and non-consulting services (48 percent), and (c) consulting services (11 percent). The procurement of works mainly included in RA 2 will consist of construction of basic infrastructure, development and rehabilitation of infrastructures; provision of equipment to improve tourism attractiveness; provision of basic utility services for the preparation of lots of serviced land to accommodate private investors for the development of tourist activities, and rehabilitation of the forest areas, biodiversity conservation, and water and soil management. The goods and non-consulting services category will consist of the purchase of goods and services related to the realization of the operational activities of the different programs included in RA 1 for communications on environmental conditions, monitoring of the ecosystems, fisheries resources and zoo sanitary state, and the fishery management systems. In addition, there will be acquisition of fishing equipment; scientific equipment; computer and office equipment; and acquisition and installation of aquaculture equipment, including purification and conditioning units. Furthermore, services like ship maintenance, monitoring of pollution and waste in the marine environment, campaigns to promote and raise awareness of environmental protection, and setting up of digital platforms dedicated to MSMEs and the Government for implementation of the BE are also part of the Program. Finally, the consulting services category in RA 1 will consist of bathymetric surveys, environmental control and monitoring of the sanitary conditions of the marine environment, training on environmental control (RA 2), coaching, TA and expertise, and technical studies.

Table 4.1. PEF by Procurement Category

RA	Works	Goods and Non-Consulting Services	Consulting Services	Total	Total
				(DH, millions)	(US\$, millions)
RA 1: Strengthen integrated institutional frameworks for blue economy development	14% (59)	72% (310)	14% (60)	429	46
RA 2: Improve integrated management of natural resources and strengthen selected sectors	44% (1,642)	45% (1,673)	11% (390)	3,705	393
TOTAL	41% (1,701)	48% (1,983)	11% (450)	4134	439

Legal and Institutional PFM Framework in Morocco

16. **The legal and institutional public financial management (PFM) framework is acceptable for the PforR.** The Moroccan public finance system is governed by a legal and regulatory framework that is in line with international standards and PFM is considered broadly transparent. The Organic Law No. 130-13

⁸⁶ <https://www.tgr.gov.ma/wps/wcm/connect/5d372a88-df97-44c2-ba73-e479bb8b7ed8/BSFP+Novembre+2021.pdf?MOD=AJPERES&CACHEID=5d372a88-df97-44c2-ba73-e479bb8b7ed8>.

⁸⁷ <https://www.finances.gov.ma/fr/vous-orientez/Pages/plf2021.aspx>.



relating to Finance Laws (*Loi organique relative aux lois de finances*) promulgated on June 2, 2015, introduced the three-year budget program (*Programme Budgétaire Triennal*) in its Article 5⁸⁸ and the program budgeting, which uses statements of missions, goals, and objectives to explain how the money is spent. The 2017 PEFA assesses the country's planning and budgeting procedures as satisfactory (rated A).

17. The Program procurement will be executed in accordance with the GoM's procurement procedures and regulatory framework. The award of contracts for the departments of the administration (including local authorities) is governed by the Moroccan public procurement decree (PPD) No. 2-12-349 du 8 Joumada I 1434 (20 mars 2013). The PPD is largely based on international standards (open competition, fairness, transparency, efficiency). It applies to works, goods, and services financed entirely by the public sector, while other SOEs⁸⁹ may establish and apply their own procurement rules based on the PPD's principles once the rules are adopted by their respective Boards and approved by the MEF.

Planning and Budgeting

18. Adequacy and Credibility of Budgets. Overall, the planning and budgeting of all entities involved in the Program follow a structured, timely, and disciplined process which is consistent with the country's PFM cycle and ensures that allocations fit within the available budget envelope. The 2017 PEFA assesses the country's planning and budgeting procedures as satisfactory (rated A).

19. The expenditures of the Program are already planned as part of the entities' budgets and are therefore included in the three-year programming of the Finance law. The MEF is fully committed to set up a government program on the BE, based on effective interinstitutional coordination to build resilience of the coastal and marine areas. Hence, there will be no need to request creation of specific budget lines for Program activities. Specifically, the Program supported by the World Bank will cover activities already included in entities' budgets. The expenditures planned for 2022 are programmed in detail in the Finance Law. The programming for subsequent years is granular enough in entities' budget. The Finance Law was adopted by the Parliament. The Program will be monitored closely during its implementation period by the World Bank team. It will be done to ensure granular programming by the MEF of this strategy every year to avoid any incoherence between the Program expenses and the disbursement rate. This will be ensured through (a) the operationalization of the Inter-ministerial Committee and TCs to strengthen the multisectoral strategy and its fiduciary oversight, (B) strengthening of the PIU with adequate fiduciary staff and fiduciary representatives from each implementing entity, and (c) training of the PIU and implementing entities at the Program's launch for preparation of regular reconciliation between the World Bank's disbursements and up-to-date Program expenditures. A section on reconciliation reporting format will be included in the annex of the POM.

Procurement Profile of the Program and Planning

20. Procurement profile of the Program. The detailed review of the PEF did not reveal potential contracts with a cost estimate above the OPRC review thresholds. Based on the expenditure framework,

⁸⁸ Article 5 describes that the "the annual law is drawn up by reference to a three-year program updated each year in order to adapt it to the country's changing financial, economic and social situation. This programming aims to define, according to realistic and justified economic and financial assumptions, the evolution over three years of all the resources and expenses of the State."

⁸⁹ SMIT, ONMT, INRH, ANDA have procurement procedures in line with PPD.



the Program procurement activities are likely to include 11 percent of consulting services, 48 percent of goods and non-consulting services other than consultancy services, and 41 percent of works. The details of the PEF are presented in table 4.1.

21. **Procurement planning.** The implementing entities are all subject to the procurement planning requirements included in the PPD or in their procurement regulations. Procurement Plans of the different implementation entities are advertised on their websites and/or the electronic government procurement portal.

Budget Execution

Budget Execution Modalities

22. **Overall, the ministries and entities involved in the Program have had acceptable performance in terms of budget commitments and execution in 2018–2020.** The country scored A for PI-1 of PEFA 2016 mainly due to the high execution rate of the national budget as mentioned in the report. Furthermore, table 4.2 describes the good performance of budget commitments and execution of the ministries and entities involved in the Program.

Table 4.2. Commitment and Payments Rates (DH, millions)

Entity	Program Description	2018			2019			2020		
		Commitment	Payment	% %	Commitment	Payment	% %	Commitment	Payment	% %
MEF										
DAAG	P130-10-61	14.2	6.1	43.2	19.9	11.3	66.9	9.8	4.2	43.5
	P115-00-10-16	0.1	0.1	100	0.03	0.03	100	0.7	0.7	100
MTEDD										
MTEDDD	501	6.0	6.0	100.0	6.3	6.0	95.0	6.6	6.6	100.0
METLE										
DPDPM	439	1266.83	692.47	54.6	75.5	11.73	15.54	71.02	15.55	21.89
MAPMDREF										
INRH	424	87.7	77.7	88.6	125.0	92.3	73.8	98.0	99.3	101.3
DPM	424	451.2	440.9	98.0	402.3	392.1	97.0	151.1	146.3	97.0
ANDA	424	47.7	35.5	74	46.4	31.8	68.5	41.4	32.0	77.2
DEF	421/422/423/440	888.9	529.1	59.5	985.6	566.9	57.5	899.1	522.3	58.1
MT										
SMIT	403	—	—	—	1.2	1.2	100.0	39.3	39.3	100.0
ONMT	P404	70.9	51.4	72.5	91.2	52.1	57.2	151.4	44.6	29.5

23. **All proposed programs included in the PEF by participating entities were screened for the FSA.** Key identified challenges are related to low payment rates registered by some implementing entities—DAAG, DEF, DPDPM, and ONMT—due to (a) insufficient monitoring and management as flagged by the latest COA audit report and (b) the impact of the COVID-19 pandemic crisis on slowing budget execution. Indeed, SEGMA, managed by DAAG, has known slow budget execution during 2020 because of cancellation of face-to-face training programs during the COVID 19 pandemic. To respond to these



challenges, DAAG has secured budget to ensure continuity of delivery of training programs as displayed in the PEF. DEF has, for example, put in place a procedure to monitor budget execution, requiring sub-authorizing officers to complete commitments by the end of the second quarter of the calendar year and reach a budget execution rate of 75 percent by beginning of the fourth quarter of the calendar year. However, this procedure still needs to be efficiently implemented by DEF particularly at deconcentrated levels. Overall, mitigation measures would include reducing the payment delay rate and strengthening budget planning and programming of participating entities by the MEF. The MEF has put in place a web tool⁹⁰ for tracking SOE payment delays on a monthly basis. For example, ANDA has moved from 13 days to 7 days from December 2018 to September 2021. ONMT, which could not conduct national and international tourism campaigns due to the lockdown during the COVID-19 pandemic in 2020, has seen payment delays reduced from 100 days in 2018 to 32 days in September 2021. ONMT has recently relaunched its support to the tourism strategy following the opening of the country's borders. The funding to the Program is satisfactory in terms of predictability.

Flow of Funds Arrangements for Program Implementation

24. **Treasury management and funds flow including disbursement of DLI to the Treasury Bank Account.** The funds flow arrangements for Program implementation are adequate. The Program's funds will be reflected in the Government budget under DAAG, INRH, DPM, ANDA, DEF, MTEDDD, SMIT, ONMT, and DPDPM. In fact, the expenditures and revenues of the Program are identified in the state budget through the Finance Law and detailed in the annual budgets of the participating entities. All the implementing agencies will use the Government's TSA to make payments under the Program. Specifically, for the payments of invoices of the activities to be implemented by the participating ministries and entities, the funds will flow directly from the TSA to service providers, consultants, and constructors. The GoM's internal institutions of controls will reserve the right to verify the expenditures ex post, and actions might be requested for any noncompliance with the rules. The FSA team did not identify any wrongdoing during the assessment. For advances, prior results, and achieved results, the funds will be disbursed to the Government's TSA. Specifically, the GoM would claim disbursements from the World Bank as the DLIs are achieved. All DLIs will be independently verified by the IVA. The IVA will prepare the Results Verification Report, which will be shared with the MEF and the World Bank. The Results Verification Report will confirm and certify the technical achievement of the results/indicators. If the World Bank finds that the disbursement request meets the terms of the Financing Agreement, the World Bank will disburse the corresponding funds to the Treasury Bank Account opened at the Central Bank (Bank Al-Maghrib). The external audit reports will confirm the total expenditures incurred to achieve these DLIs.

25. **Government's contribution to the Program.** The Government, through its budget execution procedures, will transfer its contribution to the Program through the Treasury Bank Account managed by the public accountant assigned to the MEF participating in the program.

26. **Accounting.** In Morocco, all financial and accounting operations of the Government are carried out, controlled, and accounted for according to the public sector accounting standards presented in the Public Accounting Decree No. 330-66 (21/04/1967) (*Décret sur la Comptabilité Publique*), which is on a cash basis. Participating entities will apply similar accounting standards for the Program using the Integrated Expenditure Management (*Gestion Intégrée de la Dépense*, GID) system, which is an integrated set of computerized applications developed in-house or other accounting systems. DPM, DPDPM, DEF,

⁹⁰ <https://www.finances.gov.ma/fr/Pages/delai-paiement.aspx>.



DAAG, and MTEDDD, for instance, use a combination of the GID and manual accounting dashboards. DEF is currently using an integrating web system for multiyear programming and budget management. Meanwhile, SOEs, such as ANDA, INRH, SMIT, and ONMT, keep two accounting systems: general and budgetary in accordance with the public accounting reform promulgated by the Organic Law Related to Finance Law. The accounting system used by entities allow the authorizing departments to extract the data and run reports to present the accounting situations and the budgetary situations linked to the various movements of appropriations. Most entities provided evidence of having an Accounting/Financial Procedures manual in place. While this is a complex program with nine implementing entities, the GoM has had a good track record of producing program financial statements in time for the PforR operations under implementation (for example, Morocco Health Sector Support - P148017, Morocco Urban Transport Program - P149653, and Education Support Program - P167619).

27. **Financial reporting.** A PIU established under the MEF (DB) will oversee the preparation of the Program's consolidated annual financial statements and periodic budget execution reports and monitor the eligible expenditures programs against the DLI achieved. The consolidated financial statements of the Program include the financial statements prepared by participating entities of the Program. The format will be defined in the POM. The Direction of Treasury and External Finance will centralize financial information and oversee the work of the PIU including financial reporting. The TC will oversee Program activities and management including fiduciary work. The Program's consolidated budget execution reports and consolidated interim financial statements will be prepared on a semester basis by this PIU. The financial statements will include the financial execution of each RA and the data will be collected from participating entities. Specifically, similar to most of the World Bank-financed operations in Morocco, an Excel spreadsheet " and data extracted from the national budget execution software GID and integrated revenue management (*gestion intégrée de la recette*, GIR) will be used to prepare the Program's periodic consolidated budget execution reports and consolidated annual financial statements, which in turn, may affect the quality and timeliness in the preparation of those reports and submission of audited financial statements. During implementation, a Program Progress Monitoring Report will also be submitted annually to the World Bank. Such a report will include financial statements, physical realizations, progress on results indicators, achievement of DLIs, and reporting on grievances and allegations of fraud and corruption.

28. **The overall fiduciary risk rating is considered Substantial.** The key fiduciary risks to the development outcomes of the Program that underpin the Substantial risk rating are as follows: (a) five newly and to be created agencies (four SDRs at the level of SMIT and one SOE at the level of DEF) will need fiduciary capacity strengthening and the other implementing entities have no familiarity with the PforR instrument but have good performance in implementing their own budget; (b) awarding of a contract to firms and/or individuals debarred or suspended by the World Bank; (c) lack of an effective procurement-related complaints procedure at agency level for most of Implementing agencies; (d) arrangements in place for the preparation of the Program annual financial statements do not ensure the accuracy/effectiveness and timeliness of financial reporting of the Program; and (e) inefficient implementation of program activities due to failing fiduciary coordination arrangements and consolidation of financial statement by the MEF for nine implementing agencies.

29. **The proposed systems and capacity-strengthening and/or mitigation measures to address the above risks include the following:** (a) hands-on support by the World Bank team and training programs for the entities facing capacity challenges in addition to the strengthening of the staffing (recruitment of qualified/experienced fiduciary staff, coupled with the preparation of an POM; (b) inclusion of a



requirement to review Program expenditure for ineligible contracts in the external auditors' TOR; (c) eligibility verification to ensure that any person or entity debarred or suspended by the World Bank, or another multilateral institution with which the World Bank has signed a cross-debarment agreement, is not awarded a contract under the Program during the period of such debarment or suspension; (d) preparation and implementation of a clause in the bidding documents on the handling of complaints, which includes a detailed description of the procedure through which a timely and fair revision of the complaint is ensured (to be included in the POM); (e) review of the semesterly IFRs and accounting conventions used to prepare them, to ensure program expenditures are on track and timely preparation of annual program financial statements; and (f) the World Bank teams and TA to support during implementation strengthening of fiduciary coordination arrangements at the central and regional levels under the leadership of the national PIU. The PIU will have the overall fiduciary accountability of the Program and coordinate with all the Program implementing agencies.

30. **The Program ex ante and ex post arrangements were found adequate to address the risk of fraud and corruption.** These arrangements comprise several effective institutions playing complementary roles, including the Ombudsman Office, COA, and IGF. The MEF (DB) will collect—with support from the abovementioned institutions—and report to the World Bank allegations occurring under the Program through the annual progress reports during Program implementation. The reporting format will include the following: (a) location and date of the complaint, (b) allegation's description, (c) description of progress in investigation, and (d) investigation outcome. These main risks and corresponding mitigation measures are detailed in the PAP.

31. **Procurement processes and procedures.** The procurement processes and procedures at the level of different agencies were assessed based on virtual meetings with and data provided by heads of agencies or procurement divisions. The different agencies' procurement systems are acceptable, and they provide reasonable assurance on the achievement of core procurement principles. The procurement activity of the implementing agencies is carried out by the PPD or a regulation based on this PPD. A summary of the procurement systems of the main agencies is provided in the following paragraphs.

MAPMDREF

32. **ANDA.** ANDA seems well staffed with four dedicated staff handling the Procurement Department activities, with only a few tenders launched annually (an average of 16). ANDA is mainly using ONCB, and the direct selection method was not used during the last three years, which shows a good sense of open competition. Regarding its procurement performance during the last three years, contracting and evaluation times are reasonable, albeit with an important percentage of unsuccessful bidding processes, mainly during 2019 and 2020. However, when looking into the details of the unsuccessful tenders, the World Bank team noted that the main reasons for such results are linked to (a) technical aspects where the bidders did not reach the minimum requirement or (b) the fact that no bids have been received. In addition, no complaints were received during the last three years, where it is worth mentioning that ANDA has its own complaint management system with a clear procedure and a tracking of the complaints handling. Furthermore, ANDA has a procurement procedures manual and a risk mapping tool, which demonstrates a good mastery of the procurement process control. Regarding the use of e-procurement systems, ANDA is using the Moroccan e-government procurement (eGP) for publishing tenders' notices and contracts' awards and the implementation of their own ERP is ongoing. Considering the abovementioned description, ANDA seems well equipped to handle the project procurement activity efficiently.



33. **INRH.** INRH is well equipped for procurement activity in this Program. Procurement activity is managed by a dedicated team which has handled all contracts processed through national open tenders and direct selection⁹¹ during the last three years and where no complaints were received. With an average of 2.5 bidders per tender and a contracting time increasing from year to year,⁹² the main procurement key performance indicators (KPIs) require improvement. More efforts could be made to improve the competition and times records. Regarding the use of e-procurement, it is mature enough in using e-procurement tools. Indeed, it publishes procurement notices, procurement plans, and contract awards through the eGP portal and its website in recent years.

34. **DPM.** With an average of 18 tenders launched annually using the PPD, handled by nine dedicated staff, the procurement systems of the DPM seem to be well equipped to handle further procurement activities. Although there is a need to better streamline the procurement processes time, which is quite high (four to five months) compared to the number of staff handling the activity. During the last three years, no relevant complaints have been registered. However, no specific complaints handling mechanism is set up, even if there is a manual of procedure for procurement.

35. **DEF.** The Water and Forestry Department will be transformed into a national agency under the ministry. It will have its own procurement regulations, based on the PPD. The procurement activity will be managed by the current staff who will be transferred to the agency, and there will be a continuation of procurement practices, with the continued use of the eGP. In addition, an organizational diagnosis is under way and will eventually lead to a training plan to increase skills and adapt the staff to the new structure. Regarding the management of complaints, it should be noted that there is a desk at the regional and central levels to file complaints and process requests, but there is no clear procedure that defines the mechanism for managing these complaints. Regarding the performance of the last three years, the indicators are relatively good, except the one related to unsuccessful tenders, which is relatively high but decreasing year after year (from 30 percent in 2018 to 18 percent in 2020). This indicator should therefore be closely monitored. A new, more in-depth evaluation could be carried out once the creation of the new agency has become effective.

MT

36. **SMIT.** Like other public agencies, SMIT has procurement regulations aligned to the PPD, but the agency's experience in terms of contracting remains modest (between four and five contracts per year), managed by two people. That said, SMIT will not be issuing contracts under the project; rather, this will be done by two SDRs that have been already created and other two that will be created later. Both cases will take over the same systems and procedures for contracting from SMIT. However, the organizational structure of these agencies is not yet fixed, and the procedures not yet finalized. It is important to ensure that these agencies have a robust fiduciary system in place, including a mechanism for complaints management, fraud and corruption risk mitigation, and regular procurement reporting. A training plan including procurement modules should also be considered for newly recruited staff. Finally, a more thorough evaluation of the agencies to be created will be carried out as soon as they are established.

37. **ONMT.** It is well structured, with dedicated staff for the procurement activity within the Budget and Equipment Department which includes contract management unit and calls for tenders' unit. This

⁹¹ Only three direct contracts in 2018.

⁹² Increasing from 91 days in 2018 to 117 days in 2020. The bid evaluation time also increased, from 37 days in 2018 to 69 days in 2020.



organization allows ONMT to efficiently manage the 30 or so contracts contracted annually and where no complaints have been reported. On the digital side, ONMT uses the Moroccan Public Procurement Portal in almost all tenders⁹³ for publishing the tender notices and contracts' award. In terms of contractual timelines, ONMT follows those imposed by the regulation and does not record any significant overrun.⁹⁴

METLE

38. **DPDPM.** DPDPM has four staff dedicated to the procurement activity within the Accounting and Contracts Department, regularly subject to trainings. This organization allows DPDPM to efficiently handle the procurement activity. On the digital side, DPDPM uses the PMMP in almost all tenders⁹⁵ for publishing the tender notices and contracts' award and receiving electronic bids. In terms of procurement KPIs, DPDPM has not been able to share complete procurement performance data since there is no systematic reporting elaborated to supervise the procurement activity. This point needs to be strengthened through corrective actions. Furthermore, there is an ongoing reorganization which will affect procurement activity on both the central side and the regional side where the main procurement activities will be. The new organization needs to be well calibrated and staffed to take over the procurement activities under the Program.

MTEDD

39. **MTEDDD.** The procurement activity of MTEDDD is carried out by the Moroccan PPD as for the other ministries and it is handled by 11 staff within the Procurement Department with a clear splitting of duties. Regarding its procurement performance during the last three years, the World Bank team noted decreasing contracting and bid evaluation times.⁹⁶ The procurement method used is exclusively ONCB⁹⁷ for the three years, with participation of an average of six bidders per tender, which shows a good sense of open competition. Purchasing documents are archived in dedicated premises and in accordance with a document retention and filing procedure for the various stages of procurement. In addition, there is an ongoing project of digitalizing document archiving with an IT system. MTEDDD seems to be well equipped to handle procurement activity under the project.

MEF

40. **DAAG.** Under the supervision of the MEF, the procurement activity of DAAG is carried out by the Moroccan PPD as for the other directorates of the ministry. Regarding its procurement performance during the last three years, an increasing contracting time is noted,⁹⁸ mainly due to the COVID-19 pandemic where many tenders' opening/award were postponed. However, the procurement methods used were almost exclusively ONCB for the three years, with participation of an average of four bidders per tender, which showed a good sense of open competition. Purchasing documents are archived in dedicated premises and in accordance with a document retention and filing procedure for the various

⁹³ Almost all the tenders launched by ONMT are open.

⁹⁴ The overall average timeline for contracting is 59 days.

⁹⁵ Almost all the tenders launched by DPDPM are open. No direct contracts passed.

⁹⁶ The contracting time has decreased from 60 days in 2018 to 45 days in 2020.

⁹⁷ MTEDDD has a modest experience in public procurement since it has handled only an average of 19 tenders per year.

⁹⁸ The contracting time has increased from 51 days in 2019 to 64 days in 2020.



stages of procurement. Considering the abovementioned description, all implementing agencies seem well equipped to handle the project procurement cases efficiently.

41. **Record-keeping and document management systems.** In general, procurement documentation is kept in all public entities where the record keeping is handled internally by each department/service.

42. **Procurement performance.** Based on the information provided during the assessment, over 2018–2020, the overall Program procurement performance was deemed to be acceptable. Nevertheless, the procurement lead time needs to be further shortened to make the BE's program implementation more agile.

43. **Controls, oversight of procurement, and audits.** In Morocco, public procurement oversight during the procurement and contract award process is mainly performed by the TGR for ministries and affiliated agencies. While each agency conducts its own procurements, the TGR oversees a network of 'public accountants', who sit on evaluation panels and monitor procurement process throughout both the local and national administrations. These accountants have the authority to stop procurements if serious violations are found in the implementation of the tenders. Furthermore, the TGR has implemented the PMMP and integrated systems to track and implement budget spending and to process payments (GID). In addition to the TGR, the COA conducts post-closeout audits of procurements and issues reports identifying weaknesses or irregularities that are shared with the public. The COA's jurisdiction covers all government acquisitions including those implemented by local administrations and SOEs. The COA audits are conducted on a systematic basis and are not done randomly. While the CoA does not have a specialized task force for procurement, it has many technical experts who have specialized knowledge of each of the sectors covered by the COA.

44. **e-Procurement.** The procurement system relies on the eGP portal (PMMP) which improves public access to information, by widely advertising procurement notices, making bidding documents available to all potential bidders, and publishing results of tendering processes. Additional recent features have been included in the e-procurement system like the electronic submission of bids and electronic reverse auctions. The PMMP also includes a supplier database. The portal is widely used by the implementing agencies mainly for publishing tenders' notices and contract awards.

45. **Management of complaints in procurement.** The CNCP, whose decree has been approved by the council of the Government in September 2015, has been established as part of a major reform that aimed at strengthening the national procurement regulatory framework to replace the Procurement Commission. The CNCP's primary function is to act as the venue for bid complaints and to issue opinions on all aspects of procurement disputes. This includes not only competition disputes but also corporate structure and organizational conflicts of interest issues and mitigation strategies. The mandate of the CNCP includes the (a) regulation of policies, documents, and standards for public procurement; (b) coordination and oversight of training in procurement; and (c) handling and management of complaints. The number of complaints declared by the CNCP increased after the effective installation of the commission in January 2018. As of May 2021, 132 decisions were made by the CNCP and published on its website. With the CNCP decree becoming effective and its installation completed, the commission gained more autonomy and independence. However, there is room for improvement for the effective functioning of this commission to transform this entity into a powerful appeal mechanism.



46. **Fraud, corruption, and debarment of contractors.** Morocco's Constitution, enacted on July 1, 2011, explicitly mentions the need to fight corruption and ensure good governance and transparency as fundamental tools of public sector management. It also recognizes the right to citizen participation in government decision-making and public engagement as well as the right to access public information. The new Constitution sets the groundwork for more transparency and the efficient use of public resources, through Title II on conflict of interest, misconduct in public procurement, misuse of public funds, greater transparency, accountability, and fight against fraud and corruption and through Title XII for good governance. The Morocco Anti-corruption Authority (*Instance Centrale de Prévention de la Corruption*) oversees the prevention of corruption. It conducts awareness raising and information campaigns and has set up a database and a whistleblowing system to allow citizens to alert on corruption cases. Furthermore, the client has been sensitized during the preparation phase that it must ensure that any person or entity debarred or suspended by the World Bank is not awarded contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension.

Internal Controls

Administrative Controls and Internal Audit

47. **The internal controls system.** Though internal controls systems are applied at the level of the nine entities, there are some areas of improvements needed in terms of upgrade of those systems. Indeed, most entities suffer from lack of periodic evaluation of their internal control system. For example, DEF does not have documented mechanisms for a periodic assessment of the internal control system, the objective of which would be to update and improve continuous of said system. Most entities do not have a risk management vision to achieve their general objectives based on the Government's statement, which will eventually enable it to draw a map of the potential risks in relation to their activities and the difficulties encountered. An in-depth annual review of the entities' internal control framework will be carried out by IGF combined with its financial audit of the Program's financial statements. The World Bank's role in this regard will be to (a) review and clear the TOR, (b) review the reports on the in-depth review and identify key issues if any, (c) ensure establishment of and continued existence of a framework by the entities to address risks and issues, and (d) periodically review follow-up corrective action by the entities in response to the findings from the report.

Internal Audit

48. **The Program internal audit system is adequate.** All entities have internal audit units and audit committees reporting to their boards of directors and performing inspection and internal audit missions. However, capacity varies among the nine involved entities. Operationalization of internal audit in some of them would need to be strengthened in terms of adequate and sufficient staff to perform regular internal audit missions at the central and mostly at regional levels. For example, DEF, DPM, DPDPM, and MTEDDD Inspectorate Generals have staff with mostly technical and administrative profiles. Other implementing entities, such as INRH, ANDA, ONMT, and SMIT, have good experience in internal auditing of their departments. As SOEs, they share the same framework in internal auditing organization and functioning. They carry out the internal audit missions included in the annual audit plan approved by the Audit Committee; monitor the implementation of the recommendations made by the Audit Committee, the State Controller, and the external auditor and the audit missions carried out; ensure risk prevention through the controls put in place; periodically update the mapping of strategic and operational risks; evaluate and harmonize accounting and financial procedures; and supervise the closing of accounts.



DAAG, though under the supervision of the MEF and IGF, has created its own internal audit unit since 2001, in charge of internal control and risk management evaluations of its directorate. Overall, there is evidence of follow-up by most implementing entities on annual audit recommendations.

49. **Measures will be adopted to ensure effectiveness of the operationalization of new internal audit units** or their reinforcement where needed in the Program in collaboration with IGF or Inspectorate General for Territorial Administration (*Inspection Générale de l'Administration Territoriale*, IGAT) for their proven experience in the review of the central and regions' performance. These entities would ensure that appropriate internal control and audit procedures are put in place for the Program.

Programme Governance and Anticorruption Arrangements

50. **Risk of fraud and corruption.** The Program's ex ante and ex post financial controls were found adequate to address the risk of fraud and corruption. These arrangements comprise several effective institutions playing complementary roles: Ombudsman Office, Court of Auditors, IGAT, the CNCP, and IGF. In the absence of data because of the failure to report formally the status of actions related to fraud and corruption in most of the ongoing World Bank-funded operations, the IFSA team was unable to assess the effectiveness of these institutions in the portfolio. Therefore, for this operation, additional efforts are required and compliance with actions to fraud and corruption as detailed below will be monitored over the implementation period. More efforts are also still needed to ensure that audit reports are broadly made available to the public and there is effective follow-up of administrative and/or judicial actions and that these are dutifully applied.

51. **Actions related to fraud and corruption.** The borrower commits to implement the Program in accordance with the World Bank's Anti-Corruption Guidelines.⁹⁹ The World Bank's debarment list, which is easily accessible, will be checked by all procuring entities before awarding contracts. As regards the list of temporarily suspended firms, each implementing agency will access the same through Client Connection for which one representative from each implementing agency shall be nominated for granting access to the Client Connection by the World Bank. The borrower will develop and operationalize the mechanism of enforcing these requirements through the issue of instructions/circular to all the procuring entities requiring the procuring officers to check the eligibility of firms and individuals from the World Bank's list of debarred and temporarily suspended firms and record the same in procurement award decision files. The borrower will report compliance to these requirements in annual Program Audit Report.

52. **Reporting.** The World Bank's prerogative of administrative inquiry for allegations of fraud and corruption has been clarified to the borrower during the Program preparation. The borrower's collaboration with the World Bank on the administrative inquiries into allegations which the World Bank intends to pursue has been confirmed during preparation. The PIU will collect—with support from the abovementioned institutions—and report to the World Bank allegations occurring under the Program through the annual progress reports during Program implementation. The reporting format will include the following: (a) location and date of the complaint, (b) description of the allegation, (c) description of progress in investigation, and (d) investigation outcome. Also, IGF, which has extensive experience in auditing programs financed by the World Bank, will pay particular attention to allegations of fraud and compliance with the World Bank's guidelines in this area. The TOR setting out the modalities of

⁹⁹ 'Guidelines on Preventing and Combating Fraud and Corruption in Program-For-Results Financing', dated February 1, 2012, and revised July 10, 2015.



intervention of these institutions will include specific provisions relating to the verification of compliance with the World Bank's guidelines on the prevention of fraud and corruption.

Auditing

53. **Program audit.** IGF is the assigned entity in charge of auditing the World Bank-funded operations in Morocco except some projects implemented by SOEs, and its overall performance is deemed satisfactory. The arrangements for external audit of the Program consolidated annual financial statements will follow the same arrangements put in place for most World Bank-financed operations in Morocco including the recent operations, for example, Morocco Public Sector Performance Program - P169330, - Improving Early Childhood Development outcomes in rural Morocco - P173073, Morocco Green Generation Program-for-Results - P170419, and - Morocco COVID-19 Social Protection Emergency Response Project- P172809). These arrangements which relied on IGF are deemed adequate in terms of quality and timeliness of the submission of audited financial statements of World Bank-financed operations.

54. **IGF will carry out the audits of the Program annual consolidated financial statements based on agreed TOR.** The consolidated financial statements of the Program include the financial statements prepared by the MEF according to a format defined in the MOP. The audit reports together with detailed management letters will be submitted to the World Bank no later than nine months after the closure of accounts. Performance audits will be performed every two years based on agreed TORs with the World Bank. The Program would comply with the World Bank disclosure policy of audit reports and place the information provided on the official website of the MEF within two months of the report¹⁰⁰ being accepted as final by the team and the World Bank.

Fiduciary Management Capacity Assessment of Implementing Entities

55. **Overall, the assessment of the capacity of the fiduciary staffing in nine entities is adequate.** Staffing capacity varies across implementing entities. While organogram was received for most implementing entities, not all provided the CVs of key FM and procurement staff to assess the adequacy of their qualifications, experience, and skills. Staffing will continue to be reviewed and necessary training and capacity building will be provided by the World Bank throughout Program implementation. For the conversion of DEF into a public entity (SOE), no major changes are expected in terms of fiduciary staffing and management. DEF will use its existing human resources capacities and fiduciary systems to implement related program activities. To ensure smooth implementation of the Program, the PIU within DB will need to be trained. This PIU will include a focal point from each involved implementing entity and two dedicated fiduciary officers (procurement and FM) in charge of ensuring cooperation and consolidation of the Program's financial and procurement information. At the regional level, the Program will include (a) appointment of fiduciary staff based on TOR and (b) a capacity-building program aimed at building the skills of all fiduciary staff in the targeted regions.

¹⁰⁰ Only the audit report (certification of financial statements) will be published. The management letter will not be made public.



At the Regional Level

56. **Authority delegations for implementation and fiduciary management matters will be granted by the participating entities to their regional de-concentrated services which have to be equipped to perform their fiduciary duties.** The Program fiduciary arrangements of entities and their deconcentrated services involved in the Program will be detailed in the POM. Clear guidance on technical standards will also be included in this document to ensure quality and value for money and mitigate fraud and corruption risks. In relation to SMIT, this agency is involved through the development of two projects: touristic enhancement of the Aghroud site and the development of touristic MSMEs 'Moukawala Siyahia' in the Souss Massa region. Signed conventions between the MEF, MT, and SMIT include financial commitments from the parties to the dedicated account managed by SMIT for the Program. This involves the creation of two SDRs in the Souss Massa region. Targeted fiduciary capacity-building activities for these entities will be specified in the PAP.

57. **FM.** The Public Accountant of the entities involved in the Program will execute the budget following the public expenditure chain through the budget execution software GID and GIR. The strengths, weaknesses, and challenges facing the different public accountants of the ministries and related to the participating agencies are similar to the overall ministries of Morocco. Specifically, as shown in the budget execution section of the IFSA as well as the review of additional existing documents gathered and meetings held with the staff of these entities, the overall FM capacity of the entities is acceptable.

Program Systems and Capacity Improvements

58. **The contribution to the PAP.** Annex 6 details the PAP's fiduciary actions.



ANNEX 5. Environmental and Social Systems Assessment (ESSA)

Introduction

1. **An ESSA was prepared by the World Bank to assess the GoM's compliance with the provisions of the PforR operational policy and guidelines to manage Program risks and promote sustainable development.** The preparation of the ESSA and the development of measures to strengthen the E&SMS benefited from (a) a review of available documents, data, and associated regulatory frameworks; (b) consultative meetings with technical staff from several ministerial departments during World Bank missions, including a field visit to Aghroud and Agadir; and (c) virtual technical meetings with the departments and ministerial agencies involved in the Program.

Environmental risks

2. **Adverse environmental effects associated with structural activities will generally be low to medium in magnitude, reversible, and easily manageable.** These are expected to be identified in advance, avoided, and minimized with standard best practices and effective mitigation measures. The E&S assessment of the various activities will make it possible to identify both the planning tools required and the most effective control and monitoring systems. A total of 48 activities proposed for Program funding (listed in annex 1 of the ESSA) were reviewed with respect to E&S risks in accordance with the World Bank's PforR policy. A total of 23 activities were assessed as high risk due to potentially significant negative E&S impacts and therefore excluded from the Program. For the remaining 25 activities, potential negative impacts were estimated to be not significant, of low scale, and geographically limited, with well-defined mitigation measures. These five structural activities are detailed in Table 2 (Section 2.4) and Table 3 (Section 2.6) of the ESSA, including mitigation measures and proposed system improvements.

3. **Social risks are assessed as low to moderate and are linked to potential shortcomings in the assessment of social impacts and planning of their management and to restrictions on access to land or marine natural resources** (protected forests and fishing areas). During the construction phase, social risks are related to the health and safety of workers and communities and to child labor. During the operation phase, social risks are related to the potential exclusion or limitation of local populations and potential beneficiary populations from the benefits of the Program. During the three project phases, information/consultation activities could be limited in scope, not covering their entire life cycle, and could not sufficiently include vulnerable populations, particularly illiterate people, women, and people with disabilities that limit their access to certain communication channels (for example, visually impaired and hearing impaired).

4. **The assessment of E&S systems¹⁰¹ is detailed in Table 8, Section 4.1.4 of the ESSA.** The analysis of the regulatory and institutional frameworks that make up the national environmental management system aligns with the PforR policy. Identified gaps include (a) limited integration of social aspects in impact assessments, (b) full implementation of public consultations with stakeholders and parties involved with the Program, (c) correct integration of ESMP in impact studies, and (d) documented M&E of mitigation measures.

¹⁰¹ In accordance with paragraph 9 of the World Bank Policy, Program-for-Results Financing, November 2017.



5. **Morocco has a relatively advanced legal and regulatory framework for social management, but there are some shortcomings** in terms of managing the impacts of land acquisition and restrictions on access to natural resources, citizen and stakeholder engagement, and grievance redress. In the case of the impacts of land acquisition and the loss or restriction of access to natural resources, occupants or users without formally recognized rights are not eligible for compensation. In terms of stakeholder engagement, institutions such as DEF and the Department of Marine Fisheries have substantial experience in consulting and engaging parties affected by their interventions regarding forest management and MPAs.

6. **The new Constitution of 2011 promotes a vision of sustainable and inclusive development;** gives men and women equal rights to property, participation, and independent recourse; and ensures the rights of vulnerable social groups to fair treatment and guaranteed fundamental rights. Management of grievances is a recent practice in Morocco and is not yet done according to a mechanism that guarantees independent, effective, and responsive recourse. However, the Chikaya.ma system (national complaint management portal) has been operational since 2018 and has proved effective during the COVID-19 pandemic. Since its launch, the grievance handling rate has exceeded 85 percent with a satisfaction rate of around 53 percent. The public engagement procedure normally used in social assessments for the creation and management of protected areas remains as a limited consultation mechanism, but shortcomings are increasingly mitigated by the broadening of the spectrum of information and stakeholder participation.

7. **The Department of Sustainable Development, responsible for managing the EIA system, has necessary experience and skills,** particularly in reviewing EIAs, monitoring project implementation, and monitoring environments (air, water, and soil) through the National Environment Laboratory. Consultations with the technical teams from the various entities (ANEF, ANDA, INRH, SMIT, ONMT, DPDPM, and MTEDDD) involved in the Program indicated the absence of specific environmental management systems. They are experienced in carrying out EIAs, the monitoring of which is delegated to contractors. SMIT should ensure that E&S focal points are appointed within the SDRs being set up. These focal points will undergo training on the E&S Technical Manual and monitor the E&S aspects of their activities (under the control of SMIT and the PIU. ANEF is preparing its E&SMS as part of a project financed by the French Development Agency (*Agence Française de Développement*). The Program identifies the organization to be put in place (designation of E&S focal points at the level of each entity) as well as the training and capacity building plan for E&S management based on the E&S Technical Manual, which will be developed by the PIU.

8. **Institutional capacities for social assessment and management are uneven among implementing agencies.** Some have experience in social assessment and management in accordance with the provisions of the national system and/or international standards, including stakeholder engagement and grievance redress. The analysis of the adequacy of their capacities with respect to PforR requirements indicates some shortcomings including limited human resources and experience in the social development field.

ESSA Action Plan

9. **Although the E&S risks of the activities under the Program are classified as low to moderate, the Program offers an opportunity to address the shortcomings** mentioned above and strengthen the overall E&SMS in the sectors involved with the program. The Program will support specific measures



aimed at strengthening the quality and performance of the E&SMS, in two areas of intervention: (a) actions aimed at strengthening the E&SMS and (b) actions aimed at building the capacities of actors in E&S management. Thus, two main recommendations emerge from the ESSA: (a) strengthen the E&SMS and (b) build capacity in E&S management and monitoring, through training sessions on E&S management tools, M&E, and risk mitigation, which will be included in the annual capacity-building plan for the institutions involved

10. **All measures are recorded in the ESSA Action Plan** (Section 5.2 of the ESSA) which guides the overall formulation of the Program. The implementation of some of these measures will be strengthened by their integration into the overall PAP.

ANNEX 6. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Appoint E&S focal points.	Environmental and Social Systems		PIU and all implementing entities	Other	First month after the Effective Date	Focal points are formally appointed.
Prepare ESIA's with ESMPs (including public consultation) for (a) Aghroud activity, and (b) aquaculture projects.	Environmental and Social Systems		MEF /SMIT/ANDA E&S focal points	Other	Before starting structural activities	ESIA's and ESMPs reports acceptable to the Bank.
E&S Technical Manual including E&S monitoring sheets, anomaly sheets	Environmental and Social Systems		MEF and implementing entities	Other	First quarter after the effective date	E&S Technical Manual acceptable to the World Bank.
Develop social inclusion and stakeholder engagement plans (forests, MPAs, tourism, aquaculture). The plans will include the identification, consultations and engagement of stakeholders including vulnerable groups.	Environmental and Social Systems		ANEF,DPM,ANDA,SMIT and MEF(PIU)	Other	First semester after the effective date and before the implementation of physical activities and thereafter throughout Program implementation	Social inclusion and stakeholder engagement plans acceptable to the World Bank. Half-yearly reports (MEF).
SESA with public consultation to inform the BE strategy	Environmental and Social Systems	DLI 1	MEF	Other	6 months after finalization of the BE strategy	(a) ToRs reviewed by the Bank to take into account good E&S practices and (b) SESA acceptable to the World Bank
Include criteria for the exclusion of companies using child labor or forced labor.	Environmental and Social Systems		SMIT	Other	Before the implementation of the activity	List of criteria verified by the World Bank
Reporting to the World Bank on accidents/incidents	Environmental and Social Systems		MEF and implementing entities	Other	Notification timing is no later than	Protocol to report accidents/incidents, and for drawing up reports of fact

(protocol to report accidents/incidents ; and reports of fact findings and related action plans)					48 hours after learning of the incident/accident. Reports of fact findings should be submitted 10 days after the notification.	findings and related action plans
Develop capacity building modules and conduct training on E&S management to relevant stakeholders, including subcontractors.	Environmental and Social Systems		MEF/E&S Focal Point	Other	First semester after the effective date and during the duration of the Program.	Training modules and training plan developed. Reports on the training submitted to the World Bank.
Develop grievance redress mechanisms	Environmental and Social Systems		All implementing entities	Other	Prepared within first month after the effective date and implemented throughout the program	Existence of systems for receiving, processing and monitoring complaints in accordance with the 2018 decree; create grievance redress mechanisms where they do not exist and the capacity to operate them; communicate them public.
Establish procurement regulations	Fiduciary Systems		ANEF and 4 SDRs (TA support tbc)	Other	Before carrying out bidding process	Procurement regulations established
Prepare fiduciary reports by SDRs	Fiduciary Systems		SMIT	Recurrent	Quarterly	Reporting completed
Strengthen fiduciary reporting arrangements and ensure that program annual financial statements are prepared on time and submitted to IGF for annual audit.	Fiduciary Systems		PIU with regions and impl. entities	Recurrent	Yearly	Financial statements submitted to IGF.
Submit fiduciary reports on time, with support from the TGR regarding	Fiduciary Systems		DB/TGR	Recurrent	Semi-Annually	Fiduciary reporting is submitted in a timely manner.

public procurement KPIs						
Develop a fiduciary capacity building program for implementing entities where gaps were identified.	Fiduciary Systems		DB/IEs	Other	Before program's launch and during implementation	Final report of the capacity development program.
Develop and implement a mechanism, which requires the Program procurement officers to check the eligibility of firms and individuals against the World Bank's list of debarred and temporarily suspended firms.	Fiduciary Systems		MEF/TGR	Other	Before implementing activities and thereafter maintain throughout Program implementation	Circulars or instructions, establishing the procedure for verifying the eligibility of firms and individuals, are submitted to the World Bank
Report compliance to the World Bank's list of debarred and temporarily suspended firms as part of the Program Audit Report	Fiduciary Systems		IGF	Recurrent	Yearly	Program audit report including information on the compliance with the World Bank's list of debarred and temporarily suspended firms is submitted to the World Bank.
Develop and implement a procurement complaints management system	Fiduciary Systems		All entities (TA support tbc)	Other	Before implementing activities and thereafter maintain throughout Program implementation	The complaints management system implemented
Strengthen the internal audit function within the Program	Fiduciary Systems		All entities, IGF, IGAT or others	Other	Annual, throughout the program cycle.	Internal audits units operationalized within the Program: (a) capacity building of auditors is reinforced; (b) annual internal audit reports prepared; and (c) an annual action plan to follow internal audit recommendations is implemented
Appoint experts on gender, climate change, M&E, and GIS	Technical		MEF	Other	First month after the effective date, before starting any	Experts are formally appointed.

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ANNEX 7. IMPLEMENTATION ARRANGEMENTS AND SUPPORT PLAN

1. The Implementation Arrangements and Support Plan will be conducted in line with the World Bank’s implementation support guidelines for PforR operations and will be adapted to the design and risk profile of the Program. While the borrower is responsible for the Program’s overall implementation, including its technical aspects, the basic mandate of the World Bank for its implementation support includes the following: (a) review implementation progress, including the PAP and the achievement of program results and DLIs; (b) provide support for resolving emerging Program implementation issues and bottlenecks; (c) provide technical and institutional capacity-building support to the Government for the implementation of the PAP, the achievement of DLIs, and other Program results; (d) monitor the adequacy of systems' performance (for example, through monitoring reports, audit reports, and field visits) as well as compliance with legal agreements and, as needed, the PAP; and (e) support the Government in monitoring and managing changes in the various types of risks.

2. The Implementation Arrangements and Support Plan focuses on actions that the World Bank will perform and associated needs in terms of skills and resources. Successful support and monitoring of Program implementation will require a multidisciplinary set of technical specialists along with fiduciary and E&S specialists. The approach is to mobilize the World Bank’s global expertise at the outset to help with operationalizing design improvements while relying on a core group of technical specialists to provide regular guidance and implementation support to the agencies involved in Program implementation. While results and DLIs will be assessed as completed annually, a four-month approach to implementation support, where a specific one-week implementation support mission would be carried out, will be used during the first year of the Program. This approach will shift to a six-month approach during the remaining four years of the Program. In addition, a number of technical specialists are based in the region and country office, which will allow timely follow-up on specific issues and/or areas of concern if needed.

3. The Program will require well-coordinated technical support from the World Bank, particularly during the early stages of implementation. Program implementation will be coordinated by the MEF and involve the intervention of nine implementing entities.

Table 7.1. Implementation Support Plan

Time	Focus	Skills Needed	Resource Estimate
First 12 months	Support the establishment of the Program implementation arrangements	Operation specialists	3 implementation support missions
	E&S monitoring and reporting	Social and environmental specialists	
	Support to change management	Change management specialists	
13–60 months	Support to M&E	M&E specialists	2 implementation support mission per year including midterm review
	E&S capacity building	Social and environmental specialists	
	Fiduciary capacity building	Fiduciary specialist	



Time	Focus	Skills Needed	Resource Estimate
	Support to coordination mechanisms and behavioral economics	Behavioral economists, Change management specialists	

Table 7.2. Task Team Skills Mix Requirements for Implementation Support

Skills Needed	Number of Staff Weeks	Number of Trips
Task team management	30	11
Change management	30	10
M&E	11	5
Procurement, FM, and governance	11	5
E&S management	10	5
Legal	1	0
Fishery and aquaculture specialist	10	5
Tourism specialist	10	5
Forestry specialist	5	5
Private sector development specialist	5	5
Geospatial analysis	2	5
Geomorphologist	2	5



ANNEX 8. Climate Co-Benefits

Overview

- This PforR is a direct response to Morocco's NDC in coastal areas, one of the most climate-vulnerable habitats of the country.** Under the Program, a BE strategy will be developed in line with NDC to set a common vision for all blue sectors to move toward an integrated and cross-sectoral management of marine and coastal resources in targeted areas. The Program activities contribute to both mitigation and adaptation and build resilience to climate change. For example, reforestation of coastal areas and stabilization of coastal dunes will help reduce flooding risks and coastal erosion. The Government will also strengthen the monitoring of shoreline changes with remote sensing technology to support coastal planning in the changing climate. The DLIs are selected and formulated to ensure that the Program will embed action to build climate resilience (table 8.1).
- The Program contributes to the following NDC targets:** (a) **forests for 2020:** The replenishment of 200,000 ha of forests; (b) **forests for 2030:** (i) protecting 1,500,000 ha against erosion, including the prioritization of 22 basins, and (ii) afforesting 600,000 ha; (c) **fisheries and aquaculture for 2020:** (i) reaching a 95 percent rate of traded species managed sustainably, (ii) reducing landfills by 90 percent compared to current levels, (iii) establishing a coastal observation network, equipped with four oceanographic and meteorological buoys, and expanding the environmental and sanitary surveillance and warning system along the coastline to 40 observation zones, and (iv) reducing by 50 percent the quantity of fish meal created from fresh fish; and (d) **fisheries and aquaculture for 2030:** (i) establishing MPAs representing 10 percent of the Economic and Exclusive Zone, (ii) developing two hatcheries dedicated to re-stock five endangered coastal species, (iii) renewing and modernizing 30 percent of the fleets, including with greener vessels equipped with observation systems, (iv) restoring 50 percent of damaged marine habitats, and (v) increasing by 50 percent the volume of sea products utilized and marketed. Table 2 in the main text of the PAD presents the quantitative contribution of the Program to the NDC targets.
- Morocco NDC priorities for adaptation.** Adaptation remains a priority for Morocco in its revised NDC of June 2021. Morocco plans to dedicate at least 15 percent of its budget to implementing adaptation programs in the most affected sectors, notably water, agriculture, fisheries and aquaculture, forestry, and health, as well as the most vulnerable environments and ecosystems. All these, except health, are directly addressed in this PforR. Health is addressed indirectly. Adaptation sectors include water, agriculture, fisheries, forestry, health, and tourism. This PforR is designed to address climate change adaptation priorities in Morocco and commits full scope of financing to this national climate change adaptation goal.
- Morocco NDC priorities for mitigation.** Morocco will also significantly increase its ambition for mitigation even though Morocco's first NDC was already considered compatible with the 1.5°C target of the Paris Agreement. Mitigation sectors are energy, agriculture, transport, water, waste, forestry, industry, housing, and infrastructure. This PforR is designed to respond to NDC mitigation priorities in forestry, water, agriculture, and aquaculture. It commits the Program budget to achieve the national climate change mitigation goal.



Morocco Climate Vulnerability Context

5. **The coastline of Morocco is almost as vast as its land boundaries.** The country enjoys access to both the Mediterranean Sea and the Atlantic Ocean. About 11 percent of Morocco’s territory is forested. Around 90 percent of country territory is classified as desertified, and the soil is vulnerable to erosion.¹⁰² Climate along the coast ranges from warm Mediterranean in the northern part of the country to warm semiarid and warm desert in south-west. By mid-century, temperature is projected to increase by at least 2 degrees and by the end of this century, by at least 4 degrees.¹⁰³ The climate will become visibly drier, and all precipitation-related indicators in forecasts are declining, both in mid-century and by the end of this century. This will drive competition for fresh water, put increasing pressure on the aquifers, and potentially/likely create challenges for agricultural sector. Aquifers are already strained; replenishment is not sufficient to compensate growing demand from agriculture. Overextraction of water in coastal regions is causing saltwater intrusion to aquifer and overall salinization of agricultural land. Oases are being affected, and trees cannot reach deep water horizons. Surface water reservoirs in Morocco are replenished by rainfall and snowmelt from Atlas Mountains. Snow cover is highly variable from year to year, and the trend for shrinkage of snowcaps has been reported as “snow drought.”¹⁰⁴

6. **Morocco is losing its territory to sea level rise.** Between 1958 and 1986, the mouth of the Moulouya delta at the Mediterranean coast lost over 80 ha, with 13 m of annual retreat between 1958 and 2001.¹⁰⁵ Coastal developments such as the North Africa’s largest port Tanger Med are likely to have significant impacts on the shoreline.¹⁰⁶ Narrowing of the beaches is caused by and further contributes to the damage from storms surges. Coastal marshes are declining, making the shoreline more prone to erosion. Conservation of ocean ecosystems and coastal vegetation can play an important role in addressing climate change and building resilience against its effects.

7. **These climate change impacts are becoming a limiting factor for all sectors.** The degradation or loss of oases and wetlands reduced regeneration of forests, and the loss of species migration negatively affect all population. Rural people, farmers and herders, are particularly vulnerable. If they cannot continue their normal productive activities, they will have to seek alternative sources of income/employment and livelihoods. Currently agriculture and fisheries contribute 14 percent to country GDP¹⁰⁷ and employ 39 percent of labor force.¹⁰⁸

Statement of Intent to Address Climate Vulnerability and Links with the Program Activities

8. **To directly implement the climate change adaptation pledges communicated through the Morocco NDC, this PforR in its entirety and through each DLI intends to build resilience to key climate**

¹⁰² Hammouzaki, Y. 2013. “Desertification and Its Control in Morocco.” In *Combating Desertification in Asia, Africa and the Middle East*, edited by G. Heshmati and V. Squires. Springer, Dordrecht. https://doi.org/10.1007/978-94-007-6652-5_5.

¹⁰³ <https://climateknowledgeportal.worldbank.org/country/morocco/climate-data-projections>.

¹⁰⁴ <https://labo.obs-mip.fr/multitemp/snow-drought-in-the-high-atlas-of-morocco/>.

¹⁰⁵ Soussi, M., T. Ouchani, and S. Niazi. 2007. *Vulnerability Assessment of the Impact of Sea Level Rise and Flooding on the Moroccan Coast: The Case of the Mediterranean Easter Zone*.

¹⁰⁶ World Bank. 2022. *Blue Skies, Blue Seas*.

¹⁰⁷ https://www.climatelinks.org/sites/default/files/asset/document/2016_USAID_Climate%20Risk%20Profile%20-%20Morocco.pdf.

¹⁰⁸ <https://www.cia.gov/the-world-factbook/countries/morocco/#economy>.



change impacts. This will be achieved by the Program DLIs in the following manner organized by resilience types:

- To prepare for anticipated negative effect on (rainfed and irrigated) the agricultural sector (reduced yields of rainfed crops, shortened growing season, increased demand for irrigation), this Program will contribute to increasing profits by creating alternative sources of income and jobs in coastal areas and supporting the aquaculture sector. This objective is delivered by, in the order of priority, DLI 4, DLI 5, DLI 6, DLI 8 and implemented/managed through DLI 1, and DLI 2.
- To prepare for anticipated effect on water sector (degradation of water quality, reduced supply, aquifer depletion, increased reliance on groundwater), development plans and sustainable management organized by coastal clusters approach will allow optimizing water abstraction and maximizing efficiency of water usage, avoiding overexploitation of the aquifer, allowing to develop where needed a usage permit system. This objective is delivered by DLI 1, DLI 2, DLI 4, and DLI 6. DLI8 will allow maintaining water retention and balance in the soil, using nature-based solutions.
- To prepare for anticipated effect on coastal zones (coastal erosion and flooding, wetlands destruction, sea level rise, damage to infrastructure, and risk to tourism), this PforR will implement DLI 8, while delivery of results will be facilitated, supported, and managed through DLI 1.
- To prepare for anticipated effect on fisheries (reduced productivity, migration of species to cooler waters, habitat loss/degradation), this PforR will employ, in the order of priority, DLI 7 and DLI 3 and will be implemented/managed through DLI 1, and DLI 2.
- To prepare for anticipated effect on ecosystems (reduced regeneration of native forests, loss and/or migration of critical species, degradation of wetlands and oases), this PforR will employ DLI 8 and will be implemented/managed through DLI 1, and DLI 2.

Table 8.1 DLIs and Links to Climate Change Mitigation and Adaptation

Description	Mitigation	Adaptation
DLI 1: Inter-ministerial commission for the BE is fully operational to guide collaborative implementation of the BE strategy in Targeted Areas based on, inter alia, scientific evidence and NDC priorities	<ul style="list-style-type: none"> • Use the inter-ministerial commission as a mechanism to ensure that the BE budgeting for the government program is tagged for climate budgeting¹⁰⁹ • Fully align the BE strategy and the government program with NDC pledges and priority adaptation sectors • Integrate the link between climate change and the BE in the BE strategy • Compile information on marine and terrestrial carbon sinks, oceanographic, and climate data on the BE portal • Analyze climate-change related risks for the development of the national BE based on the data compiled on the BE portal • Use the result of coastal monitoring in planning adaptation measures 	
DLI 2: The blue economy strategy is piloted in two Regions in alignment	<ul style="list-style-type: none"> • Identify climate vulnerability and possible mitigation and adaptation measures in coastal 	<ul style="list-style-type: none"> • Improve resource use efficiency by supporting the creation of coastal clusters

¹⁰⁹ The mechanism for climate sensitive budgeting is being developed under the ENNAJAA program.



Description	Mitigation	Adaptation
with NDC	regions as part of the costal cluster priorities <ul style="list-style-type: none"> • Reduce emissions through improved logistics and value chains in coastal clusters (reduced fuel use, reduced waste, resource use efficiency through nature-based solutions) 	
DLI 3: Monitoring of the marine and coastal ecosystems in Targeted Areas is enhanced to support evidence-based decision-making for a climate-resilient blue economy	—	<ul style="list-style-type: none"> • Monitor climate change impacts on shoreline changes including coastal erosion • Monitor the environmental status of beaches to inform adaptation and mitigation measures • Monitor climate change impacts on the status of fish stock to inform management measures
DLI 4: Tourism areas in Aghroud are is equipped with basic utility services in accordance with NDC	—	<ul style="list-style-type: none"> • Use wastewater recycling mechanisms to enhance water efficiency
DLI 5: People reached by international and national coastal tourism campaigns	—	<ul style="list-style-type: none"> • Coastal tourism campaigns promote sustainable tourism options and encourage reduction of carbon emissions
DLI 6: MSMEs that are established or transformed in line with NDC pathway for development through SMIT incubator program in Targeted Areas	—	<ul style="list-style-type: none"> • Train tourism entrepreneurs on sustainable and climate-smart tourism operations • Support the development of sustainable tourism products
DLI 7: Aquaculture farms established and operational in Targeted Areas	—	<ul style="list-style-type: none"> • Develop the capacity of aquaculture practitioners to implement climate-smart techniques including efficient water use in their farms
DLI 8: Marine and coastal areas under climate-resilient and sustainable integrated management in Targeted Areas	<ul style="list-style-type: none"> • Improve management of existing coastal forests • Restore and promote integrated landscape management of coastal forest to enhance carbon sequestration • Prevent the loss of blue carbon (for example, seagrass) and carbon stored in ocean life 	<ul style="list-style-type: none"> • Improve management of existing coastal forests • Stabilize coastal dunes to prevent flooding and coastal erosion • Improve management of fishery resources and surrounding marine environment • Improve adaptation capacity of local communities through participatory planning