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Report No: PAD4276

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF

EUR386.2 MILLION

(US\$450 MILLION EQUIVALENT)

TO THE

KINGDOM OF MOROCCO

FOR A

MOROCCO PUBLIC SECTOR PERFORMANCE (ENNAJAA) PROGRAM

November 22, 2021

Governance Global Practice
Middle East and North Africa Region

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CURRENCY EQUIVALENTS

Exchange rate effective as of October 31, 2021

Currency Unit = US Dollar (US\$)

US\$1 = MAD9.20

US\$1 = EURO.86

GOVERNMENT FISCAL YEAR

January 1 - December 31

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**ABBREVIATIONS AND ACRONYMS**

ADD	Agence pour le Développement Digital (<i>Digital Development Agency</i>)
ADII	Administration des Douanes et des Impôts Indirects (<i>Authority for customs and indirect taxes</i>)
AFD	Agence Française de Développement (<i>French Development Agency</i>)
AfDB	African Development Bank
ANCFCC	Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie (<i>National Agency for Land Conservation, Cadastre and Cartography</i>)
AREP	Agence Régionale d'Exécution des Projets (<i>Regional Project Implementation Agency</i>)
ASA	Advisory Services and Analytics
BA	Budgets Additionnels (<i>Supplementary Budgets</i>)
BP	Bank Policy
BRA	Budget Review Act
CAS	Compte d'Affectation Spéciale (<i>Special Account</i>)
CESE	Conseil Economique, Social et Environnemental (<i>Council on Economic, Social and Environmental Affairs</i>)
CGI	Cadre Général d'Interopérabilité (<i>General Interoperability Framework</i>)
CNCP	Commission Nationale de la Commande Publique (<i>National Public Contracts Commission</i>)
CNDP	Commission Nationale de Contrôle de la Protection des Données à Caractère Personnel (<i>National Commission for the Control and Protection of Personal Data</i>)
COA	Cour des Comptes (<i>Court of Accounts</i>)
COFOG	Classification of the Functions of Government
COFIL	<i>Comité de Pilotage</i> (Piloting Committee)
COVID-19	Corona Virus Disease 2019
CPER	Contrat de Partenariat Etat-Région (State-Region Partnership Contract)
CPF	Country Partnership Framework
CRI	Centre Régional d'Investissement (<i>Regional Center for Investment</i>)
CSO	Civil Society Organization
CST	Compte Spécial du Trésor (<i>Supplementary Treasury Account</i>)
DAAG	Direction des Affaires Générales et Administratives (<i>Directorate for General and Administrative Affairs</i>)
DAGG	Département des Affaires Générales et de la Gouvernance (<i>Department for General Affairs and Governance</i>)
DB	Budget Directorate (<i>Direction du Budget</i>)
DGCT	Direction Générale des Collectivités Territoriales (<i>Ministry of Interior, General Directorate of Local Governments</i>)
DGFE	Direction Générale du Trésor et du Financement Externe (<i>General Directorate of Treasury and External Finance</i>)
DGI	Direction Générale des Impôts (<i>General Tax Directorate</i>)
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
DPF	Development Policy Financing
DRA	Direction Générale de la Réforme Administrative (<i>General Directorate for Administrative Reform</i>)
DRM	Domestic Resource Mobilization



E-GP	E-Government Procurement
EGDI	E-Government Development Index
ESSA	Environmental and Social Systems Assessment
EU	European Union
FM	Financial Management
FS	Fonds Spécial (<i>Special Fund</i>)
FSA	Fiduciary Systems Assessment
GDP	Gross Domestic Product
GID	Gestion Intégrée de la Dépense (<i>Integrated Expenditure Management System</i>)
GID-CT	Gestion Intégrée de la Dépense, Collectivités Territoriales (<i>Integrated Expenditure Management System for Local Governments</i>)
GIR	Gestion Intégrée de la Recette (<i>Integrated Revenue Management System</i>)
GIR-CT	Gestion Intégrée de la Recette, Collectivités Territoriales (<i>Integrated Revenue Management System for Local Governments</i>)
GIS	Geographic Information System
GOM	Government of Morocco
GRB	Gender-Responsive Budgeting
HCP	Haut-Commissariat au Plan (<i>High Commission for Planning/ National Statistics Agency</i>)
HEIS	Hands-on Enhanced Implementation Support
IBRD	International Bank for Reconstruction and Development
ICPC	Instance Centrale de Prévention de la Corruption (<i>Central Body for Corruption Prevention</i>)
ICT	Information and Communication Technology
IEM	Integrated Expenditure Management
IFC	International Finance Corporation
IGAT	Inspection générale de l'administration territoriale (<i>Local Government General Inspectorate</i>)
IGF	Inspection Générale des Finances (<i>General Inspectorate of Finance</i>)
IMF	International Monetary Fund
IVA	Independent Verification Agency
LOF	Loi Organique des Finances (<i>Organic Budget Law</i>)
MAD	Moroccan Dirham
MB	Ministre délégué auprès du ministre des Finances chargé du budget (<i>Minister Delegate to the Head of Government in charge of Budget</i>)
MEF	Ministère de l'Économie et des Finances (<i>Ministry of Economy and Finance</i>)
MEFRA	Ministère de l'Économie, des Finances, et de la Réforme de l'Administration (<i>Ministry of the Economy, Finance, and Administrative Reform</i>)
MENA	Middle East and North Africa
MI	Ministère de l'Intérieur (<i>Ministry of the Interior</i>)
MIC	Ministère de l'Industrie et du Commerce (<i>Ministry of Industry and Trade</i>)
MICEVN	Ministère de l'Industrie, du Commerce et de l'Économie Verte et Numérique (<i>Ministry of Industry, Trade, and the Green and Digital Economy</i>)
M&E	Monitoring and Evaluation
MSME	Micro, Small, and Medium-sized Enterprises
MTNRA	Ministre délégué auprès du chef du gouvernement chargé de la Transition numérique et de la Réforme administrative (<i>Minister Delegate to the Head of Government in charge of Digital Transition and Administrative Reform</i>)
NDM	New Development Model



NOG	General Orientation Note (<i>Note Générale d'Orientation</i>)
OCDS	Open Contracting Data Standards
OdBL	Open Data License
ODRA	Open Data Readiness Assessment
OECD	Organization for Economic Development and Cooperation
OGP	Open Government Partnership
OMP	Observatoire des Marchés Publics (<i>Public Procurement Observatory</i>)
OMPIC	Office Marocain de la Propriété Industrielle et Commerciale (<i>Moroccan Office of Industrial and Commercial Property</i>)
ONCB	Open National Competitive Bidding
OP	Operational Policy
OPRC	Operations Procurement Review Committee
OSI	Online Service Index
PAD	Program Appraisal Document
PAP	Program Action Plan
PAR	Performance Audit Report
PDCP	Plan de Dématérialisation de la Commande Publique (<i>National Public Procurement Digitization Plan</i>)
PDO	Project Development Objective
PEF	Program Expenditure Framework
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program-for-Results
PIM	Public Investment Management
PMMP	Portail Marocain des Marchés Publics (<i>Moroccan E-Procurement Portal</i>)
PMN	Plan Maroc Numérique (<i>Morocco Digitization Plan</i>)
PNRA	Plan National de Réforme de l'Administration (<i>National Plan for Administrative Reform</i>)
PMU	Project Management Unit
PP	Projet de Performance (<i>Performance Plan</i>)
RA	Results Area
SME	Small and Medium-sized Enterprises
SOE	State-Owned Enterprise
SORT	Systematic Operations Risk Rating Tool
STA	Single Treasury Account
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TC	Technical Committee
TGR	Trésorerie Générale du Royaume (<i>Treasury General of the Kingdom</i>)
TH	Taxe d'Habitation (<i>Housing Tax</i>)
TOR	Terms of Reference
TP	Taxe Professionnelle (<i>Professional Tax</i>)
TSC	Taxe sur les Services Communaux (<i>Communal Services Tax</i>)
TVA	Taxe sur la Valeur Ajoutée (<i>Value-Added Tax</i>)
USD	United States Dollar
VAT	Value-Added Tax

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Morocco	Morocco Public Sector Performance (ENNAJAA) Program	
Project ID	Financing Instrument	Does this operation have an IPF component?
P169330	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
15-Dec-2021	31-Dec-2025

Bank/IFC Collaboration

No

Proposed Program Development Objective(s)

The Program Development Objective is to improve performance and transparency of government operations and service delivery

Organizations

Borrower : Kingdom of Morocco

Implementing Agency : Ministry of Economy and Finance



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COST & FINANCING**SUMMARY**

Government program Cost	624.70
Total Operation Cost	450.00
Total Program Cost	448.88
Other Costs	1.13
Total Financing	450.00
Financing Gap	0.00

Financing (USD Millions)

International Bank for Reconstruction and Development (IBRD)	450.00
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Expected Disbursements (USD Millions)

Fiscal Year	2022	2023	2024	2025	2026
Absolute	25.00	83.00	163.00	112.00	67.00
Cumulative	25.00	108.00	271.00	383.00	450.00

INSTITUTIONAL DATA**Practice Area (Lead)**

Governance

Contributing Practice Areas

Digital Development



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	Moderate
6. Fiduciary	Substantial
7. Environment and Social	Substantial
8. Stakeholders	Moderate
9. Other	
10. Overall	Moderate

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

The Borrower shall, through the MEF, no later than thirty (30) days after the Effective Date, or such later date as agreed by the Bank, appoint and thereafter maintain, throughout Program implementation, a Program Management Unit (“PMU”), responsible for the monitoring of day-to-day implementation of the Program, including the preparation of the Program’s annual progress reports, preparation of pertinent financial statements, and staffed with adequate professional, fiduciary, administrative and technical personnel, with qualifications, experience and terms of employment acceptable to the Bank, all as described in the POM.

Sections and Description

The Borrower shall, through the MEF, no later than ninety (90) days after the Effective Date, or such other date as agreed by the Bank, establish, and thereafter maintain, throughout Program implementation, a steering committee (“Strategic Steering Committee”), chaired by the MEF and composed of representatives of the Borrower’s ministries and institutions participating in the implementation, monitoring and evaluation of the Program, responsible for strategic oversight and policy guidance under the Program, all under terms and conditions as described in the POM.

Sections and Description

The Borrower shall, through the MEF, no later than ninety (90) days after the Effective Date, or such other date as agreed by the Bank, establish, and thereafter maintain, throughout Program implementation, a technical committee (“Technical Committee”), chaired by the Director of the DAAG, and composed of technical representatives from the Borrower’s ministries and institutions participating in the technical implementation of the Program, all under terms and conditions as described in the POM.

Sections and Description

The Borrower shall: (a) no later than one hundred twenty (120) days after the Effective Date, or such later date as agreed by the Bank, prepare and approve a manual under terms and conditions acceptable to the Bank (“Program Operational Manual” or “POM”); and (b) immediately thereafter, carry out the Program in accordance with the POM. The Borrower shall not amend or waive any provision of the POM without the Bank’s prior written consent. In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

Conditions

Type
Disbursement

Financing source
IBRD/IDA

Description
For any DLR under Categories (1) to (8), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been



achieved.

1. The US\$450 million Morocco Public Sector Performance (ENNAJAA) Program for Results (PforR) aims to improve the performance and transparency of core government operations and service delivery.¹ ENNAJAA will incentivize key results to support the implementation of the government’s public sector reform program at the national and subnational level. ENNAJAA includes three results areas (RAs). RA1 focuses on improving the performance of public expenditure, in particular improving the alignment between resource allocation, emerging policy priorities, and performance expectations at the national and subnational levels of government. This results area also promotes more transparency in the public spending process, in order to enhance access of small and medium-size enterprises (SMEs) and other potential bidders to public procurement opportunities. RA2 focuses on improving public revenue management. At the national level, it aims to improve taxpayer compliance and revenue collection. ENNAJAA also addresses the insufficient resource mobilization at the local level and the lack of financial independence of municipalities. RA3 focuses on improving the foundations of digital transformation through implementation of the national interoperability agenda and government commitments under the Open Data agenda.

I. STRATEGIC CONTEXT

A. Country Context

2. Over the last decade, Morocco has engaged in an overarching institutional and economic reform agenda, achieving considerable results in reducing poverty. The institutional reforms set forth in the 2011 Constitution, along with large public investments in key sectors and macroeconomic stabilization, helped Morocco significantly reduce poverty rates, which dropped sharply from 4.8 percent in 2013 to 1.7 percent in 2019.² The reforms contributed to impressive improvements in public infrastructure, a 16.7 year increase in life expectancy between 1980 and 2015, and wider access to public services. Between 2000 and 2017, Morocco experienced the fastest average annual per capita growth (4.4 percent) in the Middle East and North Africa (MENA) region.

3. Despite these achievements, Morocco continued to face significant development challenges before the start of the COVID-19 pandemic. Social disparities and economic inequalities persisted. The Kingdom had one of the highest levels of income inequality in North Africa. According to the 2018 Systematic Country Diagnostic, the aspirations of citizens – particularly youth, women, and people living in rural areas - for improved well-being and accountable administration remained unmet. In 2019, the poverty rate in rural areas (at 3.9 percent) was almost eight times higher than in urban areas (at 0.5 percent). In 2020, female labor force participation remained low (22.6 percent). While unemployment affected all segments of the population (9.2 percent in 2019), it was higher for women (13.5 percent) than for men (7.8 percent). The younger generations were affected most severely, with an unemployment rate of 24.9 percent (age 15-

¹ *Ennajaa* means *efficiency* in Arabic.

² Haut Commissariat au Plan (the National Statistics Agency or High Commission for Planning), March 2021.



24) and 15.1 percent (age 25-34) in 2019.³

4. Climate change has impeded shared prosperity. Poor households suffer the greatest economic losses from extreme weather events. Women and youth; rural populations; and micro, small, and medium-size enterprises (MSMEs) lack the resources to adapt to climate-induced shocks such as floods, landslides, droughts, and heat waves, to which Morocco is highly exposed. The frequency and intensity of these events are projected to increase over the next century. In addition to physical damage to infrastructure and the economic base, public health impacts will be significant, including a higher incidence of disease and a 10-fold increase in heat-related mortality.⁴

5. The COVID-19 crisis has exacerbated existing challenges and reduced the size of the Kingdom's economy and its fiscal space, bringing the decades-long economic growth to a halt. Real Gross Domestic Product (GDP) contracted by 6.3 percent in 2020 - a sharp reversal after the 2.6 percent expansion registered in 2019 - and public debt increased by about 11.6 percentage points, to 76.4 percent of GDP in 2020. The private sector and the labor market were also hard hit, with 6.1 percent of formal sector firms reportedly ceasing operation in 2020⁵ and the unemployment rate rising to 18.5 percent in 2020. Adding to the impact of the COVID-19 crisis, severe weather conditions in 2020 significantly reduced agricultural output and revenue collection. Growth prospects are good with the economy projected to expand by 5.3 percent in 2021. Once the economic recovery is firmly underway, Morocco will need to resume its fiscal consolidation process. Doing so will limit the fiscal space available while the country is pursuing an ambitious reform agenda and aiming to reduce socio-economic inequities. To allow for such priorities to be funded, expenditure efficiency will need to increase and the tax base broadened.

6. In 2019, King Mohammed VI called for a New Development Model (NDM) to close the country's development gaps. A multidisciplinary Special Commission appointed in 2019 by the King carried out a series of consultations and published the NDM in May 2021. The Commission identified core systemic issues and recommended digital transformation and the modernization of the administration as two key levers of change. The recommendations with respect to public sector reform, including GovTech, reflect continuity with, and a deepening of, previous priorities. In 2020 the Head of Government outlined the rationalization of public sector management and digitalization of public services as priority reforms; they were subsequently identified as part of the 2021 budget law. As laid out in the note presenting that law, improving the performance of the public sector and creating a culture of excellence in state institutions is one of the three pillars of the government's action plan for fiscal 2021 and beyond.⁶

³ World Bank. 2018. *Morocco - Systematic Country Diagnostic*. Washington, D.C.: World Bank Group, <https://hubs.worldbank.org/docs/imagebank/pages/docprofile.aspx?nodeid=30199820>; Oxfam. 2019. *Un Maroc égalitaire, une taxation juste; Haut Commissariat au Plan (HCP)*. 2020 date is based on Moroccan authorities and World Bank staff estimates.

⁴ Wooden and others. 2014. "Impact of Weather Shocks on MENA Households." World Bank Group; WHO (World Health Organization), and UNFCC (United Nations Framework Convention on Climate Change). 2015. *Morocco's Climate and Health Country Profile*; World Bank. 2018. *Morocco Country Profile*; ThinkHazard! (a natural disaster risk screening tool); World Bank. 2016. *Morocco Climate Adaptation Briefing*; By 2050, climate-induced water scarcity is expected to cost the MENA region 6–14 percent in GDP growth (World Bank. 2018. *Beyond Scarcity: Water Scarcity in the Middle East and North Africa*, xxviii); *Climate Risk Profile: Morocco (2021)*. The World Bank Group. The Kingdom suffers from acute water stress. Annual per capita water availability has dropped from 2,600 cubic meters in 1960 to 700 cubic meters in 2017 (Nationally Determined Contribution, pp. 1, 16). By 2030, the average Moroccan will have 500 cubic meters of water to use annually or about 1.37 cubic meters per day (Third National Communication [TNC], 26).

⁵ Morocco Economic Monitor, From Relief to Recovery, World Bank, December 2020.

⁶ Accelerating implementation of the national economic recovery plan and Launching the first stage of generalizing social security to all workers are the other two pillars. Circulaire N° 12-20cab du 22 hja 1441 (12 août 2020) sur la préparation du projet de loi de finances 2021; Note de Présentation du Projet de Loi de Finances pour l'année budgétaire 2021.



B. Sectoral (or Multi-Sectoral) and Institutional Context

7. With the adoption of the 2011 Constitution Morocco put in motion an ambitious process of public sector reform.

This new generation of reforms built on the achievements of earlier public sector strategies and an enabling environment created by the constitution that advances specific provisions about good governance (Title XII), equal access to public services, and public service continuity (Article 154). These constitutional underpinnings have been at the core of every public sector reform in Morocco since the constitution was adopted. In public financial management, the landmark 2015 Organic Budget Law (*Loi Organique des Finances* - LOF) introduced performance-based budgeting to foster public policy evaluation and sound financial oversight. In public procurement, the government initiated steps to enhance transparency and accountability, notably through the National Plan for Public Procurement Digitization (*Plan de dématérialisation de la commande publique* [PDCP]). Within this framework, the Treasury General of the Kingdom (*Trésorerie Générale du Royaume* [TGR]) is advancing the reforms and digitalization of its public procurement system. The government is also working on a new framework law translating the main recommendations of the 2019 Third National Tax Conference (*Assises Nationales sur la Fiscalité*) into tangible provisions to strengthen the performance and equity of domestic revenue mobilization. At the local level, the government reconfirmed its commitment to bringing public services closer to citizens through the 2015 Advanced Regionalization Act (*Loi Organique sur la Régionalisation Avancée*). In 2018, it also implemented the Charter on Deconcentration to foster end-to-end digitalization, simplify public services, and expand the use of Open Data within the administration.⁷

8. This ambition notwithstanding, public sector reform has not yet yielded the intended results. The 2021 NDM notes the “slow implementation of several major reforms, often hampered by operational constraints.” The Government of Morocco (GOM) adopted a General Interoperability Framework (*Cadre Général d’Interopérabilité* [CGI]) for digital platform integration in 2013. However, implementation progress was limited because application of the law was not mandatory and there was a lack of guidance for the various parts of the public administration. The Access to Information Law adopted in 2018 became effective only in 2020, and restrictions on data reuse in certain provisions and a lack of implementing regulations delayed the proactive disclosure of data.⁸ This slow implementation contrasts with the momentum on legislative and regulatory reforms. With respect to digitalization and public services, in 2019 the Court of Accounts (*Cour des comptes* [COA]) determined that the various digital strategies had not met their objectives fully, with just 23 percent of services having been fully digitized (the goal was 100 percent) and the Open Data agenda still struggling to overcome implementation shortcomings.⁹

9. Other reforms of core government operations - such as public financial management (PFM), public investment management (PIM), domestic revenue mobilization (DRM), and public procurement - are still at various stages of implementation. Implementation is more advanced for PIM and DRM, and to a lesser extent for public procurement.¹⁰

⁷ Loi 55-19 relative à la simplification des procédures administratives; Projet de loi 41-19 sur l’administration numérique.

⁸ Chapter III, article 6 limits conditions for the reuse of public sector information shared with third parties or openly published data. Data can be used or reused on “legitimate grounds” and “without altering the content” or resulting in “the detriment of the public interest or third-party rights.” These conditions may disincentivize the use and reuse of public sector data, limiting the impact of the requirement on proactive data disclosure.

⁹ Evaluation of online public services (*Evaluation des services publics en ligne*), COA, Morocco, 2019. See also <https://ereadiness.service-public.ma/>.

¹⁰ Procurement in Morocco is a complex process given the government’s institutional setup. Historically, the TGR has been in charge of procurement reform. However, in 2015, the GOM created a new policy; a new system for handling complaints; and training body, the National Public Procurement Commission (*Commission Nationale de la Commande Publique* [CNCP]). To increase its independence from line ministries and large public buyers, it is hosted in the General Secretariat of the Government (*Secrétariat Général du Gouvernement* [SGG]). The CNCP is taking on an expanded role in procurement policy, reform, and oversight.



The government has made significant strides in operationalizing the 2015 LOF, recognizing that the law has not been fully implemented, and a second generation of PFM reforms is underway to improve its implementation and impact.

10. The NDM provides additional momentum for public sector reform. Open Data is a priority and digitalization is a main tool for improving the performance of public administration. The NDM calls for the preparation of a new national digital strategy and for the establishment of a unique digital platform for all digital services. It recommends adopting an “agile” budgetary policy, increasing DRM, optimizing public expenditures to widen the fiscal space, and putting budget and tax administration reforms front and center. It also stresses the need for change management to ensure the consistency of public policies.¹¹

C. Relationship to the Country Partnership Strategy and Rationale for Use of the Instrument

11. The Program contributes to the World Bank Group’s twin goals of eradicating extreme poverty and boosting shared prosperity in a sustainable manner while responding to the impact of the COVID-19 crisis. Strengthening the performance of national and local taxation systems will raise revenues to support priority spending and fiscal consolidation in the post COVID recovery phase and help address inequalities in tax collection stemming from non-compliance. Fostering sound and efficient public expenditure management will increase the effectiveness of government spending. Improving the public administration performance through digitalization will strengthen implementation of the economic recovery plan and effective service delivery.

12. ENNAJAA is aligned with the World Bank Group’s MENA enlarged strategy. With a focus on improving the performance and transparency of public administration, the Program aims to contribute to implementation of its pillar on renewing the social contract. It also contributes to the MENA enlarged strategy and MENA Tech initiative by leveraging digital technology to improve access to public services. The Program is also aligned with the World Bank Group and MENA region Climate Change Action Plans, which recognize the critical role governance reforms will play in addressing climate change.¹²

13. ENNAJAA is also aligned with the 2019-24 Country Partnership Framework for Morocco (CPF) (Report No. 121039-MA). The CPF has been adjusted to respond to the pandemic by supporting the country in its focus on Relief, Restructuring, and Resilient Recovery. The overall objective of the CPF is to support Morocco in promoting social cohesion and resilience by improving the conditions for job creation and reducing social and territorial disparities. ENNAJAA is the primary mechanism for operationalizing the CPF’s four core governance objectives: (a) objective 11 (“improve the efficiency of public spending”) by strengthening performance-based budgeting and digitalization for core government operations; (b) objective 2 (“increase opportunities for private sector growth with a focus on MSMEs and youth employability”) through enhanced public procurement reform; (c) objective 12 (“improve transparency and develop the building blocks for effective citizen-state engagement”) by supporting Open Data efforts to enhance government transparency and accountability; and (d) the cross-cutting theme “Gender – Empowering Women and Girls for Shared Prosperity,” through support for gender budgeting with the aim of increasing effectiveness of gender-responsive budget allocations and accountability for results and generating gender-disaggregated data that facilitate the development of gender-targeted policy interventions. The operation will also: (a) contribute to mitigating the risks from climate change (objective 10: “enhance adaptation to climate change and resilience to natural disasters”) by

¹¹ The New Development Model, 2021.

¹² The World Bank Group’s Action Plan 2021-2025 is available at <https://openknowledge.worldbank.org/bitstream/handle/10986/35799/CCAP-2021-25.pdf>. The previous MENA Action Plan 2016-2020 is being updated by a MENA Action Plan 2021-2025.



introducing climate budgeting; and (b) accelerate the advanced regionalization agenda to enable regions and municipalities to better mobilize local revenue and improve their spending (objective 8: “improve the performance of key infrastructure service delivery of cities and agglomerations”).

14. ENNAJAA complements the ongoing and forthcoming Bank-funded operations and analytical work. It builds on and deepens the reforms supported by the series of the Morocco Accountability and Transparency Development Policy Loans (HAKAMA). By focusing on improving PFM and digitalization of public services, the Program will also complement the technical and lending support the Bank has been providing to the government in the areas of public procurement reform, local finance, and digital inclusion and transformation.

15. The PforR lending instrument was selected for the following reasons:

- **Morocco has experience with PforRs.** The proposed Program will expand the use of the PforR instrument to include public sector governance reforms. It will build on previous PforR success stories in Morocco, as highlighted by the 2016 Independent Evaluation Group (IEG) report assessing the PforR instrument, which stressed the good performance of the Morocco National Initiative for Human Development PforR (INDH2 [P116201]).¹³
- **A well-articulated government program is aligned with a robust expenditure framework.** The government program and activities under the ENNAJAA PforR will be supported by a strong expenditure framework that embraces the key areas of this PforR - namely advanced regionalization, expenditure management, revenue administration and digital administration. Progress under the current public sector strategies makes use of the PforR instrument particularly relevant for addressing the implementation gap and unlocking the persistent blocks impeding public sector reform.
- **The instrument uses country systems.** The PforR is one of the government’s preferred instruments because it allows for the use of country systems while strengthening the results and monitoring and evaluation (M&E) culture.
- **The PforR provides a vehicle for aligning stakeholders’ interests with the achievement of selected key results.** The government seeks the World Bank’s support to mobilize a wide spectrum of stakeholders in furtherance of complex, multi-sectoral reforms.
- **The PforR promotes results-based reform through a calibrated incentives package.** The proposed approach explicitly addresses coordination issues and political economy constraints by seeking to align the incentives of the key actors while focusing on tangible and measurable results.
- **The government values the World Bank’s technical expertise in the areas supported under ENNAJAA.** While the Program itself will not include technical assistance (TA), complementary activities funded by other sources will accompany the GOM and provide technical assistance and implementation support.

II. PROGRAM DESCRIPTION

A. Government program

16. The government program aims to improve the performance of core government operations and access to service

¹³ Past and ongoing PforR operations implemented in Morocco include PforRs on Urban Transport (P149653), Strengthening the Agri-Food Value Chain (P158436), Integrated Disaster Risk Management and Resilience (P144539), Education Support (P167619), Green Generation (P164288), and Municipal Performance (P168147). An Early-Stage Assessment of the Process and Effects of a New Lending Instrument, Independent Evaluation Group, 2016.



delivery.¹⁴ In line with the NDM, which calls for a “competent and effective administration,” and the need to ensure a quick economic recovery from the COVID-19 crisis, the government program aims to achieve progress in three areas: (a) pursue and deepen budget reform, (b) translate the 2019 National Tax Conference recommendations into tangible reforms, and (c) boost the digitalization of public administration. The government program is implemented by various ministries, which are in charge of the implementation of the following existing national and sectoral government strategies:¹⁵

- **Public administration reform.** The National Plan for Administrative Reform (*Plan National de réforme de l’administration* [PNRA]) aims to improve the quality of public services and simplify administrative processes in four areas: organizational, managerial, digital, and ethical. Laws on the simplification of administrative processes and digital administration have been passed to implement the goals of the PNRA.
- **Advanced regionalization.** Following the 2011 constitution’s call for increased decentralization, the GOM adopted the 2015 Laws on Provinces (112-14), Municipalities (113-14), Regions (111-14) and in 2018 the Charter on Deconcentration. The regional level is a new level of subnational authority – with first regional councils elected for the 2016-21 mandate. The law provides for incremental implementation of transfers of responsibilities and resources.
- **Open Data and citizen engagement.** The 2011 Constitution includes provisions for increased citizen engagement, through advanced regionalization, direct petitions, and access to public data (article 27). The 2018 Law on Access to Information¹⁶ and the Open Government Partnership’s 2018-2020 Action Plan confirm Morocco’s ambition to improve the disclosure of public data. The launch of the public petition portal (eparticipation.ma) aims to facilitate complaint mechanisms.
- **Implementation of the 2015 LOF.** The LOF establishes a new budget framework based on programs (with objectives and indicators) and lays the foundations for results-based public management, fostering greater accountability of public managers.
- **Design and implementation of the PDCP.** The PDCP aims to modernize and strengthen the public procurement system to improve efficiency and increase value for money of public contracts.
- **Modernization of the national tax administration as part of a strategic action plan.** The action plan includes three pillars: (a) becoming a fully digital service administration; (b) rationalizing tax management and professionalizing collection; and (c) strengthening tax control and compliance. This program was augmented by the conclusions of the 2019 Third National Tax Conference, which called for modernizing the local tax system to operationalize advanced regionalization.
- **The digital transformation of public administration.** This important reform, which was part of the PNRA and supported by the national digital strategy (*Plan Maroc Numérique* [PMN]), was renewed in 2020. The 2025 General Orientation Note (*Note d’Orientation Générale* [NOG]) recently adopted by the Digital Development Agency

¹⁴ The Ministry of Economy and Finance, and Administrative Reform (*Ministère de l’Economie, des Finances et de la Réforme de l’Administration* [MEFRA]) sent an official request to the World Bank seeking financial support for the GOM’s program. In October 2021 the MEFRA changed its name to Ministry of the Economy and Finance (*Ministère de l’Economie et des Finances* [MEF]).

¹⁵ The ministries are the MEF and the Ministry of the Interior (MI). Moreover, the Minister Delegate to the Head of Government in charge of Digital Transition and Administrative Reform (MTNRA) and the Minister Delegate to the Ministry of Economy and Finance in charge of Budget (MB) lead the implementation of GOM strategies in these areas.

¹⁶ Loi 31-13 du 22 février 2018 relative au droit d’accès à l’information.



(*Agence de développement du digital* [ADD]) includes an important e-government component, which will be implemented over a period of five years.

- **National gender and climate action plan in public administration reforms.** Since adoption of the 2011 Constitution, Morocco has been increasingly committed to enhancing women's representation in civil service and public policy. In 2015, the GOM adopted an action plan to ensure gender equality in the civil service. In 2002, Morocco started implementing gender responsive budgeting, an effort that was subsequently boosted by the 2015 LOF, which requires budget programs to have gender objectives with indicators and an annex to the Budget Law with a "Report on the results-based budget taking into account the gender aspect." This gender budget report has improved in content since then and its implementation has been expanded. However, gender responsive budgeting needs significant capacity building to be fully implemented throughout the administration. The lack of gender-disaggregated data is an obstacle to the development of gender-targeted policy interventions and service delivery improvements.
- **National climate action plan.** Morocco is committed to address the climate change challenge. In 2016, the 22nd Conference of the Parties (COP 22) to the UN Framework Convention on Climate Change (UNFCCC) was organized in Marrakesh. At the national level, Morocco has already developed its National Climate Plan 2020-2030, which lays the foundations for low-carbon and climate-resilient development. The National Adaptation Plan is being finalized.

17. The government program is technically sound. It reflects the priorities identified in the relevant public sector strategies and is supported by strong national and international analytical evidence, including the comprehensive NDM diagnosis. It is based on a strong consensus among the main stakeholders in the public administration on what is required to address the implementation gap in order to improve the PFM system at both ends – revenue and spending management – and foster a digital transformation.

18. Although many of its various public sector strategies are coming to an end in 2021, the GOM is committed to pursue its reform efforts. The priorities expressed in the NDM confirm and deepen current priorities and provide additional momentum. The government appointed in October 2021 will align with the NDM and renew the current strategies to pursue the initiated reforms. The 2021-23 medium-term budget framework entails comprehensive budget lines encompassing the main areas of reform in which the GOM is engaged in ambitious reforms, mainly on digital government, revenue administration, and budget reform. Such multi-year budget planning was designed to ensure continuity. The Delivery Unit (*Unité de suivi-évaluation du programme gouvernemental*) established under the previous Head of Government committed to ensuring continuity as part of the handover to the new government and its Delivery Unit following the September 2021 elections.

PforR Scope

19. The ENNAJAA PforR supports three critical areas of the GOM's reform program, in line with the NDM priorities.¹⁷ The PforR will address the implementation gaps and support the GOM in translating its ambition into achievements. ENNAJAA's key RAs are anchored in the priorities of the government program of improved efficiency of public expenditure, improved public revenue management, and improved foundations of digital transformation through interoperability and Open Data, as reflected in figure 1 below. These areas were chosen over other areas in the government program, to focus on activities that are key to bridging the public sector reform implementation gap. In particular, administrative simplification and digitalization related activities were prioritized, because they often are a catalyst for wider public sector reform. The uptake of interoperability was delayed for a long time before the ADD

¹⁷ The Program activities will take place in participating regions and municipalities, as set forth in the POM.



decided to make it one of its priorities. The Open Data agenda, for which the World Bank has provided significant support to the ADD, is yet to be operationalized. Improving budget performance by enhancing the roll-out of a second generation of performance budgeting reform and renewing the commitment to advance on the regionalization agenda and empower the regions justifies the operation's focus on advanced regionalization and budget reform. The forthcoming comprehensive organic tax law makes domestic revenue mobilization a priority. All the areas supported by the ENNAJAA PforR are also justified by their importance in the NDM.

20. ENNAJAA focuses on areas relevant to the achievement of the main objectives of the NDM. The emphasis will be on key components of the government program and the ongoing public sector reforms (circled in red in figure 1), as well as the three cross-cutting areas of climate change, gender, and citizen engagement (circled in green). Areas such as tax policy; adoption of the organic tax law; and downstream PFM activities, including accrual accounting and the nurturing of a digital ecosystem, will not be part of ENNAJAA. While the ENNAJAA Program is anchored in the NDM, as illustrated in figure 1, it builds on existing public sector strategies, as shown in figure 2.



Figure 1. ENNAJAA Program Boundaries

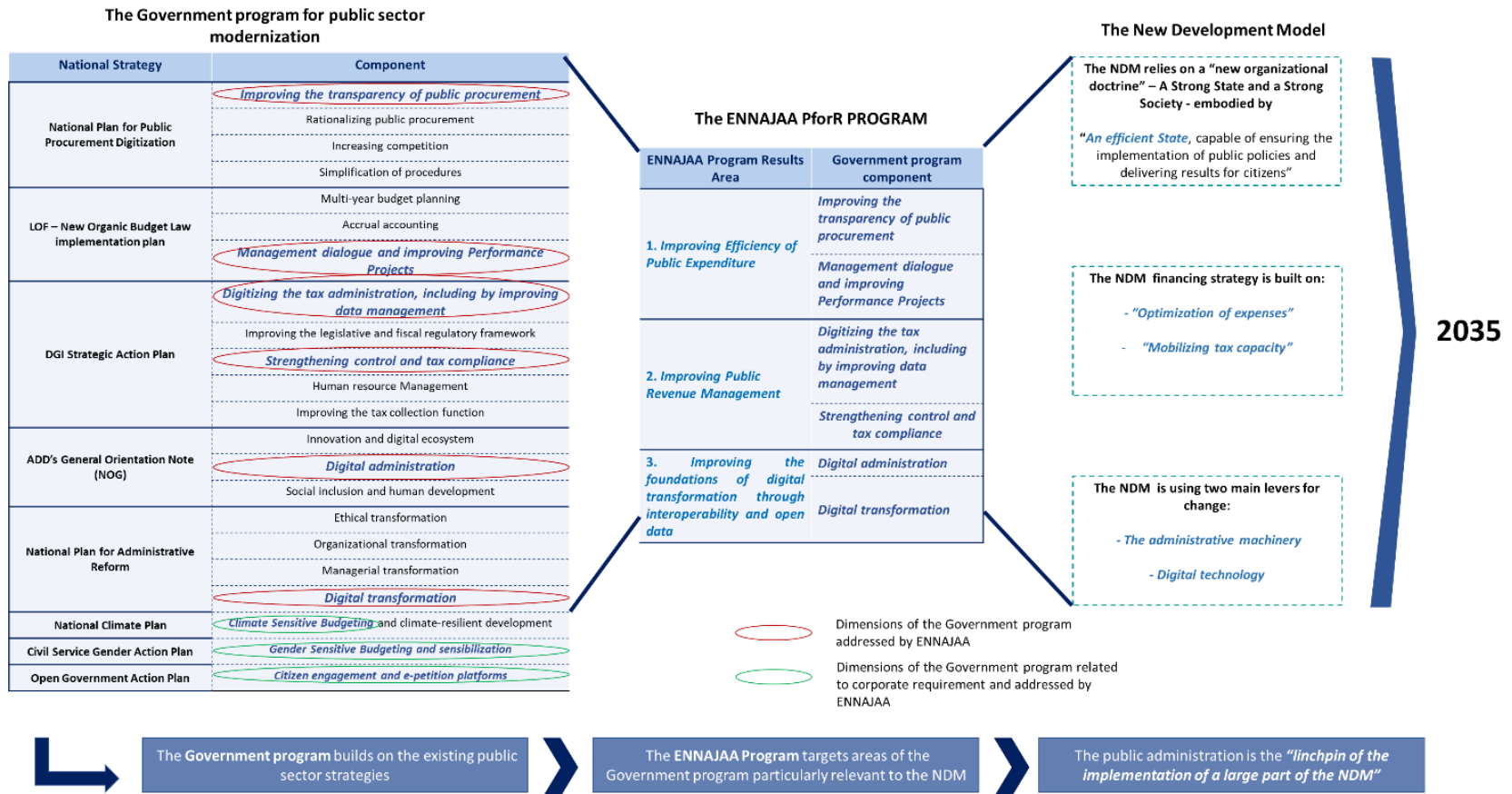
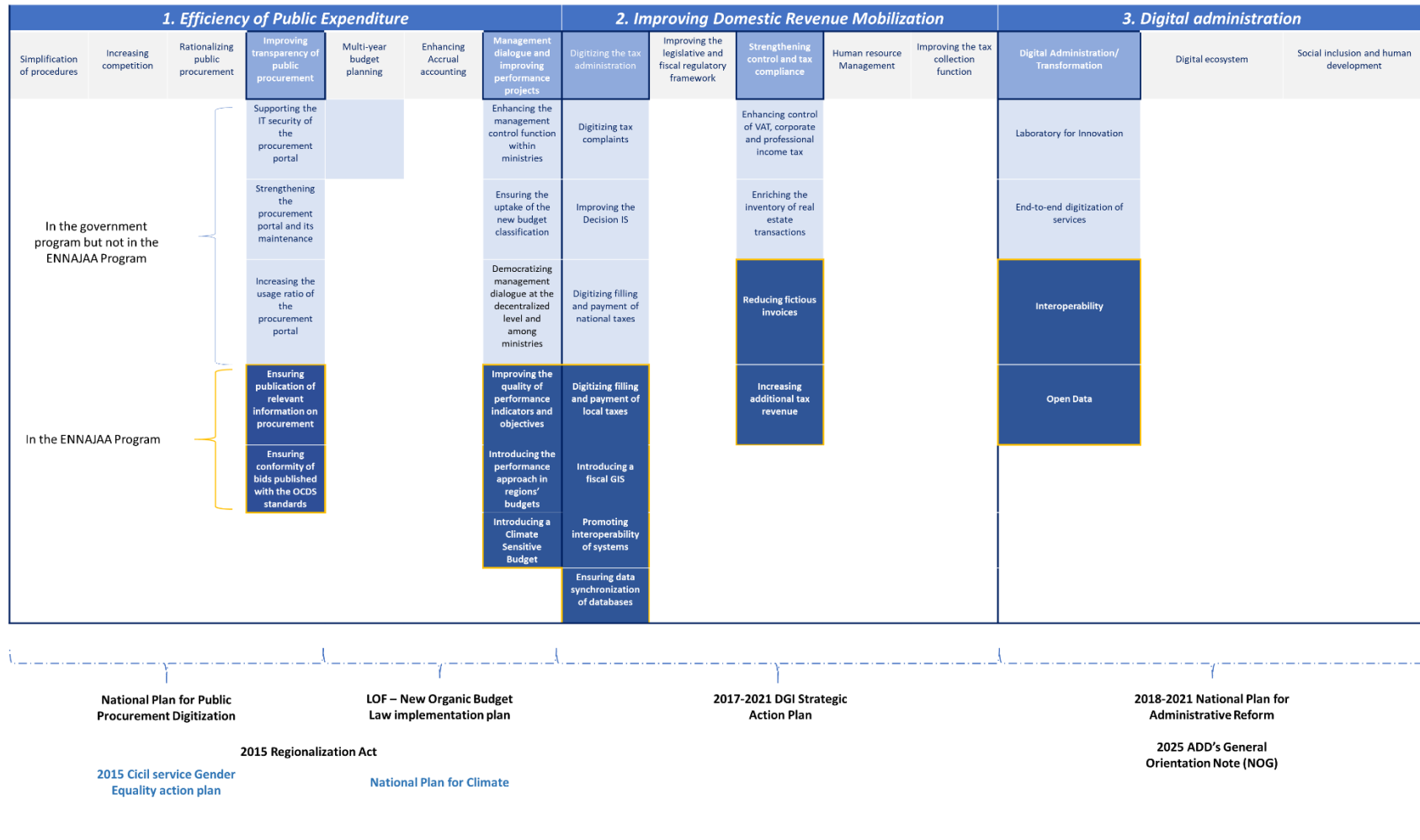




Figure 2. ENNAJAA within the GOM program





21. The ENNAJAA PforR includes three RAs.

- **RA1: Improving the efficiency of public expenditures (table 1).** To help realize the 2021 budget law priorities and the King's 2019 call for the rationalization of public spending, RA1 will support implementation of the 2015 LOF and strengthen value for money in public procurement through the following activities, including: (a) the adoption of quality standards of performance indicators and a management control charter; (b) the reform of the budget structure of the regions, including a performance-based classification; (c) the integration of gender and climate responsive considerations into the Morocco's results-based budget, including the provision of training on gender-budgeting to selected ministries; (d) the upgrading of the Morocco's public procurement database; and (e) the preparation of an Open Contracting Data Standards readiness study. ENNAJAA aims to increase the uptake of the performance approach within line ministries as well as regions, by mainstreaming performance management dialogue, improving the quality of performance indicators of existing Performance Plans (PP),¹⁸ strengthening evaluation of PPs at the national level, and introducing at regional level multiyear performance-based budgeting and investment programming. Performance-based budgeting and investment programming will improve investment budget planning and execution, and hence implementation of State Region Partnership Contracts (*Contrats de Partenariat Etat-Région* [CPERs]).¹⁹ The region of Fes-Meknes will be the pilot region for implementing the public finance management tool, as it is one of the first regions with a CPER and institutional capacity.²⁰ The inclusion of Climate and Gender budget tagging will foster budget allocation to those areas. Combined with access to the budget document, it will strengthen accountability on climate policy commitments. ENNAJAA will also promote the availability of public procurement data to enhance transparency and efficiency in government procurement and improve SME access to public procurement opportunities. This RA is fully aligned with the recommendations of the 2021 NMD and the GOM's advanced regionalization efforts.²¹

¹⁸ PPs are annexes to the annual budget law. They define the strategy, objectives, indicators, and targets to be achieved by each budget program. At the end of the budget cycle, annual performance reports (*rapports de performance*) present the extent to which these results have been achieved.

¹⁹ A CPER is a 6-year agreement, in line with duration of the mandate of regional councils, between the central government and a regional council. It is based on Regional Development Plan (*Plan de Développement Régional*), which sets a medium-term vision and strategic priorities for the region. The CPER aims to strengthen reciprocal accountability on regional development plans and introduce a performance approach in the regions. Three-year performance budgeting and investment programming, updated annually, will contribute to CPER execution.

²⁰ The region of Fes-Meknes was among the first to adopt a CPER (in 2016). Implementation of the CPER is supported by the *Special Fund related to the product of the tax shares allocated to the regions*, among other sources of funding. The CPER of the Fes-Meknes region includes 84 projects and programs with a focus on the following priorities: (a) enhancing the region's economic attractiveness; (b) fostering economic development, jobs, and scientific research; (c) reducing social deficits and territorial inequalities; and (d) enhancing culture, tourism and natural resources protection (see technical assessment for a review of investment projects planned under the CPER).

²¹ The NMD cites the importance of leveraging the potential of public procurement as a policy lever to support productive growth and achieve social, economic, and environmental objectives through procurement data transparency, digitalization of procurement processes, and SME access to public procurement opportunities.



Table 1: Detailed Theory of Change for Results Area 1 (improving the efficiency of public expenditure)

RA1	Outputs	Intermediary Outcomes	Outcomes	LT Outcomes
Improving Efficiency of Public Expenditure	Budget Reform			Spending efficiency Increased Accountability Increased transparency
	Circular (or equivalent administrative/legal act) establishing the quality standards to be met by the PPs, (DLR 1.1), which includes gender	11 ministries have implemented at least two quality standards (in line with circular or equivalent administrative/legal act) (DLR 1.3) Increased number of ministries adopting and using common priority indicators	Increased proportion of performance indicators achieved (PDO) and gender-related indicators achieved (PDO) Summary of PPs and Citizen Budget published annually	
	Circular (or equivalent administrative/legal act) establishing a model of Management Charter (DLR 1.2)	10 ministries have adopted Management Charters (DLR 1.4)	Increased number of ministries implementing their performance management charters	
	200 civil servants trained on gender-budgeting		Gender-sensitive budget published annually	
	Circular on climate budgeting (DLR 2.1)	Climate-sensitive budgeting piloted	Climate-sensitive budget published annually (DLR 2.2)	
	Regionalization			
	Circular operationalizing the classification by program and activities of the regions' budgets (DLR 3.1) Circular applying on the regions' three-year investment programming (DLR 3.2)	Two regions have adopted their three-year investment programming, incl. Fes-Meknes (DLR 3.3) Four regions have adopted their three-year investment programming, incl. Fes-Meknes (DLR 3.4)	Enhanced transparency through publication by Fes-Meknes region of its first performance budget execution report including the three-year investment programming. execution (DLR 3.5)	
	Public Procurement			
	Public Procurement Observatory (OMP) operational (DLRs 4.1 and 4.2) Open Contracting Data Standards Feasibility Study completed	Open Contracting Data Standards Action Plan adopted	Six OMP's statistical reports on procurement published (DLR 4.3) Open Contracting Data Standards piloted for the <i>Invitation to Bids</i> stage	



- RA2: Improving public revenue management (table 2).** At the national level, ENNAJAA aims to improve tax compliance and revenue collection by supporting more effective compliance risk management. It focuses on implementing an integrated multi-year Tax Compliance Improvement Plan, strengthening the data quality of the taxpayer file, improving the use of third-party data, and enhancing tax compliance risk analysis and management. At the local level, the Program will streamline the distribution of roles with respect to management of the local tax system, clarifying the involvement of the General Directorate Tax (*Direction Générale des Impôts* [DGI]), the TGR and the General Directorate of Local Governments (*Direction Générale des Collectivités Territoriales* [DGCT]) with respect to local taxes and enhancing coordination among them. It will also support the DGI Data Management Action Plan and the roll out of the new local tax governance framework, as described in the law 07-20 on local taxes , and the introduction of digital tools to pay taxes and the digitalization of back-end processes.

Table 2: Detailed Theory of Change for Results Area 2 (improving public revenue management)

RA2	Outputs	Intermediary Outcomes	Outcomes	LT outcomes
Improving Public Revenue Management	Data-Driven Tax Administration for Better Performance			Improved domestic revenue mobilization efficiency
	Multi-year action plan to improve tax compliance (DLR 5.1)	Increased exchange of information between the DGI and key partners ²²	60 percent of the actions proposed to address tax compliance risks have been subject of decision for action (DLR 5.4)	
	National tax compliance management and risk analysis unit operational (DLR 5.2)	Tax Compliance Risk Management Committee is operational (DLR 5.3)	Increase in targeted additional revenue collected by the DGI (PDO)	
	DGI database interoperable with key partners databases	Taxpayer satisfaction survey with gender-disaggregated data completed		
	Local Tax Administration			
	Arrêté relating to the application of Law 07-20 on local taxation (DLR 6.1)	New governance framework is operational in 400 municipalities (DLR 6.4)	Increase in revenue from local taxes in the targeted municipalities (PDO)	
	Integrated Revenue Management System for Local Governments (<i>Gestion Intégrée de la Recette, Collectivités Territoriales</i> - GIR-CT) implemented in at least 100 large municipalities (DLR 6.2)	Increased municipalities' coverage of GIR-CT The electronic declaration and payments system for municipal taxes is operational (DLR6.3)		

²² Selected key partners for DGI to exchange information with include customs, social security, vehicles licences (National Authority for Road Safety [NARSA]), overseas remittances (exchange office).



- **RA3: Improving the foundations of digital transformation through interoperability and Open Data (table 3).** ENNAJAA will focus on the implementation of the national interoperability agenda (the key priority of the ADD's NOG 2021-25), and fostering the Open Data agenda to support digital transformation and citizen-centric service delivery as part of the implementation of the GOM's commitments under the Open Government Partnership. In addition, it will seek to address the findings and recommendations of the Open Data Readiness Assessment and Action Plan conducted in June-December 2020, with support from the World Bank.²³ Together, interoperability and open access to data are foundational enablers for the GOM's digital transformation and citizen-centric service delivery agendas. More specifically, the Program will support the following activities: (a) the adoption and operationalization of the enabling legal and regulatory framework for improved data and systems interoperability; (b) the operationalization of an upgraded national interoperability platform to support administrative simplification and e-service delivery through integrated data exchanges ("use cases"); (c) the strengthening of the regulatory and institutional framework for the proactive disclosure of open data; (d) the preparation of a data inventory to identify priority datasets for publication; (e) the improvement of the relevance, quality and usability of datasets through the carrying out of consultations with government entities and end users on data standards, prioritization criteria for publication of datasets and hackathon themes to promote user demand for open data; (f) the upgrade of the national open data platform to include an integrated interactive window to collect feedback and support user engagement; and (g) the publication of open data in an open and reusable format, with the appropriate safeguards and accompanying open database license to support trusted reuse.

²³ Support to Digital Transformation in Morocco ASA, P169007.



Table 3: Detailed Theory of Change for Results Area 3 (improving the foundations of digital transformation through interoperability and Open Data)

RA3	Outputs	Intermediary Outcomes	Outcomes	LT outcomes
Improving the foundations of digital transformation through interoperability and Open Data	Enhanced Interoperability of Public Data and Platforms for Digitalized Service Delivery (DLI)			
	<p>Law on digital administration (No. 41-19) adopted by the Government (<i>conseil de gouvernement</i>) and submitted to the Parliament. (DLR 7.1)</p> <p>Regulatory acts implementing Law No. 41-19 on interoperability of government databases prepared and submitted to General Secretariat of Government (DLR7.4)</p> <p>National interoperability platform operational (DLR 7.3) with a General Interoperability Framework adopted (DLR 7.2)</p> <p>List of administrative procedures prioritized for digitalization in conformity with Law 55-19 on the administrative simplification validated (DLR 7.5)</p>	<p>Increased number of departments sharing and accessing data through the national interoperability platform through the integration of use cases</p> <p>Public administration user satisfaction survey of the interoperability platform completed (DLR 7.8)</p> <p>12 use cases of digitalized integrated services (DLR 7.6)</p>	<p>Simplification of administrative procedures thanks to digitalization and data exchanges (DLR 7.7)</p> <p>Increased user satisfaction regarding quality of e-services disaggregated by gender) (DLR 7.9: one end-user survey completed)</p> <p>Increased share of fully digitalized public services (PDO)</p>	<p>Improved digitalization</p> <p>Improved access to online services</p> <p>Improved spending efficiency</p>
Improving the foundations of digital transformation through interoperability and Open Data	Increased Access to and Quality of Open Data (DLI)			
	<p>Consultations with non-governmental actors on demand for public data (DLR 8.1)</p> <p>Open Data norms, standards and M&E plan are defined by an extended Open Data Steering Committee (DLR 8.2)</p> <p>Draft regulatory text for Open Data to support proactive disclosure and reuse of data validated (DLR 8.3)</p> <p>National Open Data portal including an interactive module to facilitate user feedback is operational (DLR 8.4)</p> <p>Public sector Open Data inventory completed (DLR 8.5)</p>	<p>Annual hackathon-type event to foster government data reuse-use cases (DLR 8.6)</p>	<p>245 datasets accessible in an open and reusable format on the national Open Data platform (DLR 8.7)</p> <p>User requests addressed timely through the national Open Data portal (disaggregated by gender)</p>	<p>Increased transparency</p> <p>Increased accountability</p> <p>Evidence-based decision making</p>

22. Figure 3 summarizes ENNAJAA’s theory of change illustrating the links between challenges, activities, results, and outcomes. The risks section describes the constraints and risks that could prevent achievement of the results and outcomes and indicates how they will be mitigated.

Figure 3: Theory of Change



PDO: Improved performance and transparency of government operations and service delivery

DLR and PDO

RA 1: Improving Efficiency of Public Expenditure

Budget Reform	Disconnect between resource allocation and performance expectations and results Regional budgeting programming not fully operational Key emerging policy priorities not adequately reflected in budgeting	Elaboration of a circular on the quality standards for performance projects Elaboration of a circular establishing a model of management charter Training civil servants on Gender Budgeting Elaboration of a circular on climate budgeting Elaboration of circulars on regional budgeting	<i>Quality standards for Performance Projects adopted</i> <i>Model of Performance Management Charter adopted</i> <i>Climate budgeting methodology adopted</i> <i>Regions' multi-year investment programming and program budgeting standards and process adopted</i>	<i>Increased number of ministries using improved Performance indicators</i> and common priority indicators <i>Increased number of ministries adopting their Performance Management model</i> and implementing them <i>Climate budgeting piloted</i> <i>Increased number of regions with a performance program multi-year budget, incl. Fes-Meknes</i>	Increased achievement of PPs performance indicators (incl. efficiency, quality of service and gender indicators) Citizen, climate and gender sensitive budget and Performance Projects summary published annually <i>Evaluation of climate performance Indicators published</i> <i>Improved transparency of regional spending</i>	Improved spending efficiency Increased accountability Increased transparency
	Public procurement	Limited access of SME and other potential bidders to public procurement opportunities	Upgrading the Procurement Database Undertaking an Open Contracting Data Standards Feasibility Study	<i>National Procurement Observatory operational</i> Open Contracting Data Standards Feasibility Study completed	Open Contracting Data Standards Action Plan adopted <i>OMP's statistical reports on procurement published</i> Open Contracting Data Standards piloted for the Invitation to Bids stage	

RA 2: Improving public revenue management

Data-driven taxation	Tax gap caused by low tax compliance/ poor risk analysis and data management weaknesses	Drafting a multi-year action plan on tax compliance Upgrading systems to connect DGI databases with key partners	<i>Action plan on tax compliance adopted</i> <i>Tax compliance risk unit and committee operational</i> DGI database interoperable with key partners databases Taxpayer survey with gender disaggregated data completed	<i>Tax compliance risks identified subject to action</i> Taxpayer satisfaction with the DGI's services assessed Increased exchange of information between the DGI and key partners	Increased targeted additional tax revenue collected by DGI	Improved domestic revenue mobilization efficiency
Local Taxation	Insufficient financial independence of municipalities Scattered governance of local taxes Limited municipal investment capacities	Elaboration of a circular relating to the application of Law 07-20 on local taxation Upgrading the GIR-CT system to synchronize it with municipalities systems	<i>Circular relating to the application of Law 07-20 on local taxation adopted</i>	<i>End of transition period for state-managed local tax (new governance framework applied)</i> <i>GIR-CT synchronized with municipalities systems in large municipalities</i> <i>Increased Municipalities using e-filing and e-payments of local taxes</i>	Increase in revenue from local taxes in the targeted municipalities	

RA 3: Improving the foundations of digital transformation through interoperability and open data

Enhancing interoperability	Institutional fragmentation and uneven culture of data use, reuse, and sharing within government and end users	Submission of law on digital administration to Parliament Elaboration of decrees on interoperability of government databases Design of the Interoperability platform	<i>Law on digital administration & implementing decrees on interoperability of government databases adopted</i> <i>Interoperability platform launched & related framework adopted</i>	<i>Improved the national interoperability platform administrative user experience</i>	Increased share of digitized fully transactional public services <i>Increased end user satisfaction on the quality of e-services</i>	Improved access to service delivery Improved spending efficiency Increased transparency Increased accountability
Service delivery digitalization	Many public services are not available digitally to end-users	Identification of a list of administrative procedures prioritized for digitalization and simplification	<i>List of priority administrative procedures for digitalization identified</i>	<i>End-to-end digitalization of priority services</i>		
Enhancing Open Data	Limited availability of relevant and gender-disaggregated data in an open and reusable format	Elaboration of a Decree for open data to support proactive disclosure and reuse of data adopted Upgrading the operational national open data portal (for users) incl. user feedback interactive module	<i>Consultations with non-governmental actors on public data</i> <i>Decree for enabling proactive disclosure and reuse of public data adopted</i> <i>Open data norms & standards defined</i> <i>National open data portal operational incl. user feedback interactive module</i>	<i>Periodic hackathon events to foster government data reuse-use cases</i>	Increased of datasets accessible in an open and reusable format on the national open data platform Increased of user requests received and timely addressed through the interactivity module on the national open data portal	



Program Expenditure Framework

23. The ENNAJAA results chain was designed to bridge the reform implementation gap. Therefore, the disbursement linked indicators (DLIs) were designed to incentivize activities, outputs and outcomes in ways to drive tangible results that would be translated into outcomes along the results chain. Indicators on changes in the regulatory framework are limited in number and focus on issuing decrees; and their main purpose is to facilitate successful activities and outputs. Intermediate and outcome indicators are performance-driven based on DLIs aimed at operationalizing ambitious but not yet fully implemented legislative changes since adoption of the 2011 Constitution.

24. The ENNAJAA PforR will finance approximately 72 percent of the GOM’s supported program expenditures. The program will be financed over four years (2022–25) for a total of US\$ 624.7 million, including an IBRD loan of US\$ 450 million. The distribution of this funding is as follows:

Table 4: Program costs and source of financing

Source	Amount	% of Total
Borrower	174.7	28
IBRD	450	72
Total	624.7	100

Table 5: Government program main budget lines covering the three RAs of ENNAJAA

RA	DLI	Ministry	Responsible Department	Type of expenditure	Budget Program	Annual amount	Annual amount	Total amount
						(Million MAD)	(Million US\$)	(Million US\$)
Improving Efficiency of Public Expenditure	DLI1 and 2	MEF	DB	General Budget – Investment and Operating expenses	P115 Economic policy and public finance strategy	12.8	1.4	5.7
	DLI1	MEF	DAAG	General Budget – Investment and Operating expenses	P130 Steering and Management	189.0	21.1	84.6
	DLI4	MEF	TGR	General Budget – Investment and Operating expenses	P117 Execution of public expenditure and public accounting	72.4	8.1	32.4
	DLI1,2,3 and 4	MI	DGCT	3.2.0.0.1.08.006 Special Fund related to the product of the tax shares allocated to Regions (Investment & operating)	Fès-Meknès Region	786.6	88.0	351.9
TOTAL RA1						1,060.80	118.7	474.6
Improving Public Revenue Management	DLI 5 and 6	MEF	ADI	General Budget – Investment and Operating expenses	P116 Facilitating and securing trade and consumer protection	106.5	11.9	47.7
	DLI 5 and 6	MEF	DGI	General Budget – Investment and Operating expenses	P118 Tax revenue mobilization and collection	101.2	11.3	45.3
TOTAL RA2						207.7	23.2	92.9
Improving the foundations of digital transformation through interoperability and open data	DLI 7 AND 8	MTNRA	DRA	General Budget – Investment and Operating expenses	P124 Administrative reform and improvement of public services	37.9	4.2	17.0
	DLI 7 AND 8	MEF	DAGG	General Budget – Investment and Operating expenses	P140 Steering and Management	11.8	1.3	5.3
	DLI 7 AND 8		ADD	General Budget – Investment and Operating expenses	P429 Digital Economy	78.0	8.7	34.9
TOTAL RA3						127.7	14.9	59.8
Total						1,396.20	156.2	624.7
TOTAL 2022-25								
US\$624.7 million								



25. Three groups of government budget lines align with the three ENNAJAA RAs. The respective rationales are as follows:

- **The Ministry of the Interior’s budget line** “Special Fund related to the product of the tax shares allocated to the regions” will partially support RA1 (improving efficiency of public expenditure). In accordance with the provisions of Organic Law No. 111-14 relating to the regions, budgetary transfers are made from the center to the regions. This is done in each finance law through an allocation to the Special Fund, as well as a contribution from the general budget. The Fes-Meknes region is among the first regions to have signed a CPER for the period 2016-21 and is included in the Program Expenditure Framework (PEF).
- **The MEF budget lines** will support all three RAs. These budget lines will more specifically support budget reform and full implementation of the 2015 LOF, including improving the budget-performance approach, management control, and climate and gender-sensitive budgeting.
- **The ADD budget lines** correspond to RA3. The ADD has a comprehensive and budgeted strategy to digitalize the economy and the administration (2021-25 NOG). These budget lines will support the implementation of the plan.

26. Salary expenditures in support of the program are not included. Moreover, allocation to only one region is included under the Special Fund related to the tax shares allocated to regions. This is explained by the government’s willingness not to borrow for salaries. The Fes-Meknes region is one of the few regions to have a signed CPER and will be used as a pilot region for supporting the implementation of the DLI on regionalization.

Table 6: Summary of the PEF (US\$ million)

RA	GOM	IBRD	TOTAL
RA 1: Improving efficiency of public expenditure	135.0	347.8	482.9
RA 2: Improving revenue management	24.1	62.1	86.2
RA 3: Improving the foundations of digital transformation through interoperability and Open Data	15.5	40.1	55.6
TOTAL	174.7	450.0	624.7

27. The PEF is structured around three RAs: (i) improving efficiency of public expenditure (77.3 percent), (ii) improving revenue management (13.8 percent); and (iii) improving the foundations of digital transformation through interoperability and Open Data (8.9 percent). Based on the information provided by the Borrower on the implementation of the Program over the period 2022-2025 the expenditures under these three results areas are likely to be grouped under services financed by the MEF, MI, and the Minister Delegate to the Head of Government in charge of Digital Transition and Administrative Reform (MTNRA).

28. Alignment of the budget with government priorities, classification, sustainability and predictability is assessed as adequate:

- **Fiscal sustainability.** Following a period of decrease, the fiscal deficit increased in 2019, reaching 4.1 percent of GDP. Exacerbated by the COVID-19 pandemic this ratio increased to 7.6 percent in 2020, and public debt reached 76.4 percent of GDP. The costly economic, social, and financial measures the GOM swiftly took to offset the negative economic impact of the pandemic are expected to reduce the government’s financial margin further. However, over the medium and long term, economic performance is expected to improve, enabled by sound fiscal



and monetary policies, more consistent sector strategies, and an improved investment environment, all of which support gradual improvements in competitiveness.²⁴

- **Financial sustainability and predictability of the fiscal program.** Program activities reflected in the expenditure framework are consistent with 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. Several tools help ensure the sustainability of the expenditure framework of participating entities. They include: (a) the medium-term expenditure framework (MTEF), which was developed in the context of the Public Budget Law (the current MTEF covers the period 2020-22 and is updated annually through the Finance Law); (b) the second exercise of Triennial Budget Programming for 2020-22, which was undertaken in 2019, with the aim of consolidating the accountability of public managers, maintaining the sustainability of public finances and enriching budget information; (c) the annual performance plan endorsed by Parliament, which describes key programs, the associated budget and performance indicators; and (d) the annual performance report, which summarizes the results achieved and the budget executed in a given year. These tools include and articulate ENNAJAA.
- **Oversight mechanisms.** Morocco has robust oversight mechanisms. The TGR and the COA conduct audits during implementation of public programs, and a national committee hears complaints and coordinates procurement policy.
- **According to the 2017 Public Expenditure and Financial Accountability (PEFA, P151991), the predictability of GOM expenditures is robust, with the indicator on predictability rated as “A,” reflecting timely release of budget appropriations to budget holders.** The most recent end-year budget execution report for the MEF,²⁵ dated 2020, shows a satisfactory payment rate of 108 percent. The Fes-Meknes region had a satisfactory payment rate of over 90 percent in 2020. The payment rate for the Ministry in charge of digitalization ranged from 48 percent to 97 percent, with the highest rates recorded for the programs “digital economy” and “support and management.”²⁶
- **Program expenditures.** The PEF extracted from the GOM’s 2021-23 three-year program budget is grounded within the General Budget of the State (*Budget Général de l’Etat*). Classification, sustainability and predictability are rated as “A” as per the 2017 PEFA. The large number of government entities involved could be a risk to the program implementation, which will need to be mitigated by strengthening coordination among participating entities.
- **Alignment with GOM priorities.** The activities contained in the PEF reflect the priorities of relevant government strategies, including the ADD’s NOG 2020-25 and the NDM. Activities are aligned with the Program’s intended results and with national efforts to improve public service delivery and social inclusion at the subnational level. Activities pertaining to improving public sector performance fully meet the requirements of digitalization of public services as priority reforms, which were identified as part of the 2021 and 2022 budget laws. These activities are also aligned with the MEF (DGI) to support the fiscal and tax administration reform. In the note presenting the 2022 budget law, the GOM emphasizes the need to modernize public administration to operationalize the NDM. The document also highlights an efficient administration as one of the pillars of the GOM for the 2022 budget and until 2026 when the current mandate will come to an end.
- **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 MEF (P115, P116, P117, P118, P130, P140); the General Directorate for Administrative Reform (*Direction Générale de la Réforme Administrative* [DRA] (P124); the ADD

²⁴ Morocco Economic Monitor, From Relief to Recovery, World Bank, December 2020.

²⁵ Then called Ministry of the Economy, Finance, and Administrative Reform (MEFRA).

²⁶ Prior to the formation of the new government after the 2021 elections, the ADD was under the Ministry of Industry, Trade, Green and Digital Economy (MICEVN), now Ministry of Industry and Commerce (MIC).



(P429); and the MI-DGCT through the Fes-Meknes region (3.2.0.0.1.08.006 *Special Fund related to the product of the tax shares allocated to Regions*). The General Budget of the State is the source of funding of this Budget Program, as well as financing partners at the level of the region. Its budget structure is aligned with the General Budget of the State, which is consistent with the international budget classification (Classification of the Functions of Government [COFOG]) as confirmed by the last PEFA report (rated A). Measures to mitigate fiduciary risks related to budget execution, audited financial statements, and procurement delays will be implemented as per the Program Action Plan (PAP) (see Annex 6).²⁷ Mitigating measures include the development of a detailed Program Operational Manual (POM) by the Program Management Unit (PMU) established within MEF's Directorate General of Administrative and General Affairs (*Direction Générale des Affaires Administratives et Générales* [DAAG]), including fiduciary reporting arrangements. The POM will be approved by the MEF no later than 120 days after loan effectiveness.

- **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. The Program executing entities will be supported by a technical assistance and training plan during Program implementation (trust funds for technical assistance and capacity building). Besides, to help addressing capacity constraints of implementing ministries and agencies, collaborative leadership tools will be introduced to help government identify priorities, seek support to reform priorities; and focus on results. Lastly, transparency will be streamlined with the Program's design through support of the opening of public procurement data via the reports published by the Procurement Observatory and the piloting of the Open Contracting Data Standards (OCDS). The Program's own fiduciary risk control mechanisms (see the Fiduciary System Assessment for details) also drive the efficacy of expenditures and transparency. All Program activities are subject to a comprehensive set of measures aiming to ensure effectiveness and transparency including the publication of the annual reporting on the tax expenditure that is annexed to the Budget Law approved by the Parliament (<https://www.finances.gov.ma/fr/vous-orientez/Pages/plf2021.aspx>).

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

29. The PDO is to improve performance and transparency of government operations and service delivery.

30. The PDO-level indicators are as follows:

- PDO 1: Share of performance indicators whose annual targets have been achieved;
- PDO 2: Share of gender-related indicators whose annual targets have been achieved;
- PDO 3: Increase in targeted additional revenue collected by the DGI;
- PDO 4: Increase in revenue from local taxes in the targeted municipalities;²⁸ and
- PDO 5: Increase in the share of fully digitalized public services.

31. The PDO-level indicators measure the various dimensions of the PDO as follows: Improved performance of government operations is measured by PDO-level indicators 1 (achievements in efficiency), 2 (gender-related socio-economic achievements), 3 (improved revenue collection by the DGI), and 4 (increase in tax revenue of municipalities). Improved transparency of government operations is measured by PDO-level indicators 1 (improved information on efficiency in the annual performance report published on the Budget Department website, in order to allow citizens to monitor the performance of their administration) and 2 (transparency about gender-related socio-economic achievements). Improved performance of public services is measured by PDO-level indicators 1 (achievements in service

²⁷ See paragraph 70 for details.

²⁸ This excludes loans and sales of assets. Also excluded are transfer revenues (CAS VAT).



delivery), 2 (gender-related achievements in service delivery), and 5 (increase in availability of fully digitalized public services). Improved transparency of service delivery is measured by PDO-level indicator 1 (publicly available information about service delivery achievements), and 2 (publicly available information about gender-related service delivery achievements).

C. Disbursement Linked Indicators and Verification Protocols

32. The Program will include eight DLIs (table 7). The following DLIs under the Program have been developed to improve the performance and transparency of government operations and service delivery.

Table 7: RAs and DLIs.

RA	DLIs	Justification for DLI Selection
<p>RA 1: Improving Efficiency of Public Expenditures</p>	<p>DLI#1: Strengthening the performance approach introduced by the LOF</p>	<ul style="list-style-type: none"> Although progress has been made with the introduction of performance-based budgeting, this DLI will facilitate the translation of the LOF into management practices within the administration, including at regional level. The DLI will support better use of public resources by linking budgets to results and improve synergies between regional and central government investment programming.
	<p>DLI#2: Introducing a climate sensitive budget</p>	<ul style="list-style-type: none"> Morocco has adopted a national climate plan and is committed to mitigating climate risks. These efforts need to be translated into budget and Performance Plans to ensure budget and expenditures tracking, and monitoring of implementation. The introduction of climate (and gender sensitive) budgets will help the GOM improve budget allocation to cross-cutting policy priorities such as fostering climate adaptation and mitigation as well as empowering women and girls.
	<p>DLI#3: Enhancing the regionalization agenda by strengthening the budget programming of the regions</p>	<ul style="list-style-type: none"> Since the adoption of the 2015 Regionalization Act, little progress has been made to empower the regions, which are supposed to become a key territorial layer of public action for development. This DLI will support a better use of public resources by linking regional budgets to results and improving their multi year investment programming.
	<p>DLI#4: Improving the efficiency of public procurement through data production and analysis</p>	<ul style="list-style-type: none"> Fostering the availability of procurement data will improve the use of public funds by increasing access to public procurement and opportunities for businesses, especially for SMEs. Greater availability of data will enhance transparency of public spending, and stimulate the monitoring of public investments by civil society and citizens.
<p>RA 2: Improving Public Revenue Management</p>	<p>DLI#5: Improving tax compliance and performance of the tax administration</p>	<ul style="list-style-type: none"> Improving domestic revenue mobilization is key to providing the GOM with the resources to cope with the COVID-19 crisis and ensure a sustainable economic recovery. Inadequate data governance represents a critical constraint to leveraging third party datasets for compliance, risk management,



		<p>and taxpayer service.</p> <ul style="list-style-type: none"> • Stronger data governance helps improve data quality, lack of which is a key institutional weakness. • A centralized risk management analysis unit will help boost risk anticipation and increase tax compliance. • More qualitative information on different taxpayers will improve the taxpayer registry and tax compliance.
	DLI#6: Increasing resources of municipalities	<ul style="list-style-type: none"> • Local tax gaps negatively affect investments in public infrastructure and services. • These taxes constitute the major part of the budget of municipalities. Uncollected revenue results in limited ability to self-finance and to borrow for investments.
RA 3: Improving the foundations of digital transformation through interoperability and Open Data	DLI#7: Improving data exchange and interoperability of information systems	<ul style="list-style-type: none"> • Previous digital transformation reforms and uptake in interoperability platforms and data exchanges to support e-service delivery were limited as a result of outdated infrastructure and the absence of a mandatory legal and regulatory framework to support interoperability and harmonized data management standards. This DLI supports activities targeting all layers needed to enable interoperability. • Putting in place the requisite regulatory framework to support common data exchanges is designed to reduce data duplication and siloed storage and support trustworthy data exchanges between public entities. • The DLI is designed to increase the number of successful use cases (data exchanges between public sector entities for the purpose of delivering a service) to demonstrate “quick wins” and uptake by more mature entities while putting in place the enabling foundations for e-service delivery.
	DLI#8: Improving the proactive disclosure of open government data	<ul style="list-style-type: none"> • The goal of this DLI is to increase access to priority, safeguarded, up-to-date and quality datasets in an open and reusable format to support (re)use of data that responds to user needs. At the same time, by strengthening participatory governance arrangements and the enabling legal and regulatory environment, the DLI is designed to address demand-side challenges and support a culture of proactive disclosure of data that is mandated by the Access to Information Law but is unevenly enforced in practice. • While focused on improving access to Open Data, the DLI’s focus on the relevance, quality and usability of data will prepare the GOM to look to usage as a measure of impact of Open Data reforms.

III. PROGRAM IMPLEMENTATION



A. Institutional and Implementation Arrangements

33. The MEF will manage ENNAJAA. The MEF has the convening power needed to implement this multi-sectoral PforR. Moreover, the MEF will directly implement most program activities, including budgeting, procurement, tax administration services, and digital administration. The MB, the MI, and the MTNRA will work closely with the MEF to ensure successful implementation in the areas of regionalization, digitalization, and administrative reform.

34. The MEF has long-standing and successful experience working with the World Bank and mobilizing a broad range of government stakeholders towards achievement of common objectives. For example, it led the implementation of the policy reforms supported by a programmatic series of HAKAMA Development Policy Loans. The MEF is familiar with other Bank instruments, including PforRs; and is experienced in managing technical assistance projects. A PMU will be established within the MEF no later than 30 days after effective date of the loan. The DAAG will centralize information and strengthen cooperation and coordination. The Director of the DAAG will oversee the work of the PMU.

35. A Technical Committee (TC) will ensure coordination at the technical level, overseeing Program activities and management (including fiduciary management and environmental and social aspects). It will also be responsible for coordinating the work of donors, including the European Union (EU), whose support creates synergies with ENNAJAA in common areas of intervention and technical assistance. The DAAG will chair the committee, which will be made up of technical representatives from the MEF Budget Directorate (*Direction du budget* [DB]); the TGR; National Public Contracts Commission (*Commission Nationale de la Commande Publique* [CNCP]); the MEF General Tax Directorate; the MI; the MTNRA for administrative reform; and the ADD. The TC will be established no later than 90 days after effective date of the loan.

36. A Steering Committee will be responsible for coordinating at the policy level. It will be chaired by the MEF. Members of the Committee will be Ministers or representatives of the various ministries supporting the Program. They will be responsible for giving strategic orientation to Program implementation. Having the ENNAJAA Program managed at a very high level is important, because it involves various ministries. The Steering Committee will be established no later than 90 days after effective date of the loan.

B. Results Monitoring and Evaluation

37. ENNAJAA is anchored in the government's performance plans. Its M&E system will be based on the GOM's existing reporting and management information systems. Each participating entity will use its own M&E system, and will report to the DAAG which will consolidate the data for the Program.

38. The DAAG of the MEF will oversee monitoring of each Result Area. For RA1 (improving efficiency of public expenditure), the DAAG and the Fes-Meknes Region will be responsible for the M&E of results in close collaboration with the DB and the TGR. For RA2 (improving public revenue management), the DGI and the Authority for Customs and Indirect Taxes (*Administration des Douanes et des Impôts Indirects* [ADII]) will be responsible for monitoring results. For RA3 (improving the foundations of digital transformation through interoperability and Open Data), the DRA (under the MTNRA), the DAGG, and the ADD will oversee monitoring, in close cooperation with other involved entities. Participating entities will be responsible for monitoring the achievement of Program objectives, results, and DLIs; updating indicators in the Program results framework; and drafting monitoring reports. The verification protocols vary depending on the nature of the DLIs (see Annex 2 for detailed information on the verification protocols).



C. Disbursement Arrangements

39. ENNAJAA envisages disbursements throughout the implementation period based on the verification of achieved disbursement linked results (DLRs). Applications for withdrawal per the amounts allocated to individual DLRs will be sent to the World Bank once it has notified the GOM in writing that it has accepted evidence of the achievement of the DLRs and the amount of the eligible payment. The withdrawal amount against the DLRs achieved will not exceed the amount of the financing allocated by the World Bank for the specific DLR. Annex 2 provides details of the agreed disbursement procedures for each DLR.

40. Verification protocols include the following:

- **Data source/agencies:** The MEF, the MI, and the ADD will collect the data and report on achievement of the DLIs. The responsibility of each entity is specified in Annex 2.
- **Verification agencies:** The General Inspectorate of Finance (*Inspection Générale des Finances* [IGF]) will verify each DLI and provide evidence. Details are specified in Annex 2.
- **Verification procedures:** The IGF will review and approve the reports prepared by the various agencies; and submit them, along with accompanying evidence, to the MEF, for transmission to the World Bank.

41. The DLRs will be independently verified by the following institutions: The IGF will be responsible for the verification of DLRs. The IGF team responsible for the verification will be different from the IGF tasked with auditing the Program. The MEF will be responsible for collecting all the data and documentation necessary for monitoring, verification and evaluation required by the Program. The DAAG will bear responsibility for monitoring overall progress towards achievement of Program results and for ensuring timely collection and provision of monitoring data and verification documents to the World Bank and the MEF, Budget Department. It is also responsible for the financial reporting on and monitoring of the operation.

D. Capacity Building and Implementation Support

42. Collaboration and change management. ENNAJAA involves a variety of ministries and ten directorates, departments, agencies as well as sub-national authorities, which will need to adopt new processes and management practices to attain the program's objectives. Resistance to these changes may occur as staff establish new procedures and behavior norms. The collaboration challenge is relevant for all three RAs.

43. To facilitate the reform process and provide concrete solutions to arising issues of change and adaptation, the Program envisions a collaborative leadership for development approach to support the setup of a coordination mechanism for structured dialogue around key results. This will allow stakeholders to be engaged in a structured and regular manner in identifying constraints to implementation and engaging in joint problem solving. Through the coordination platform, internal and external leadership/organizational coaches will support a disciplined results-based management approach and strengthen stakeholders' capacity to better work together, build trust and move toward achievement of the overall development goal. The Program also proposes supporting communications and advocacy efforts towards their own staff and selected target groups. Fundraising for technical assistance will be conducted to finance the above capacity building and implementation support activities.

44. Technical assistance will further cover DRM, procurement, and PFM. The initial and primary focus of the technical assistance is to support DGI in developing a Tax Compliance Improvement Plan that provides direction, prioritization,



and sequencing of the agency’s compliance efforts, with the goal of embedding the plan in the DGI business plan and performance management structure. Depending on the priorities set forth in the Plan, the technical assistance would provide support for strengthening specific functional areas with improvement potentials. Technical assistance will further be provided to strengthen PFM and procurement. Specifically, PFM and procurement capacity building programs will be developed to strengthen the ADD and the Fes-Meknes region teams in planning and budget execution including procurement. Technical assistance will be also provided to support the design and operationalization of the internal audit function of the Fes-Meknes region in addition to train on local finances.

45. Better data governance will be another area of focus for technical assistance to support the digitalization and Open Data agendas. On the supply side, technical assistance will focus on building the capacity (through technical and dissemination workshops) to undertake a data inventory, including an initial referencing of the datasets available in ministries and other public entities to prioritize datasets for publication. In addition, the TA will support the development of standards for processing and publishing data in a reusable (standard, machine readable) format. As part of data processing, standards will be developed to ensure data is processed in compliance with personal data protection standards, including statistical and encryption techniques to enable anonymization and removal of personally identifiable information before datasets are published on the Open Data platform. In addition to the technical aspects, the participation in the workshop of the National Commission for the Control and Protection of Personal Data (*Commission Nationale de Contrôle de la Protection des Données à Caractère Personnel* [CNDP]) will be critical to ensuring the processing and publication standards comply with requirements under Morocco’s personal data protection law of 2009. On the demand side, technical assistance will focus on increasing knowledge of public sector entities of how to use data for decision-making and transparency purposes and the organization of hackathons is designed to create an environment that fosters trusted use and reuse of Open Data. The capacity building efforts under the Open Data DLI will be further facilitated through targeted Advisory Services and Analytics (ASA) under the Support to Digital Inclusion and transformation in Maghreb (P177507) to support the ADD in its delivery of two workshops (one technical and one focused on sensitization) to improve awareness of Open Data principles and standards across public sector entities. To ensure both the enabling and safeguarding aspects (including personal data protection principles and practices) are assimilated, it is proposed to include a specific module on personal data protection in the technical workshop, given the importance of the topic and to mitigate compliance risks.

Table 8: Areas of Technical Assistance

ENNAJAA Results Area	Theme	Potential Source of Funding
RA1	PFM – Budget reform	<ul style="list-style-type: none"> • EU • World Bank • CAPE TF
	Procurement	<ul style="list-style-type: none"> • World Bank
RA2	Reform of the tax administration	<ul style="list-style-type: none"> • WB Global Tax Program Trust Fund
RA3	Digital administration	<ul style="list-style-type: none"> • WB Global GovTech Partnership • Support to Digital Inclusion and Transformation in Maghreb ASA (P177507)

IV. ASSESSMENT SUMMARY



A. Technical (including program economic evaluation)

Technical Evaluation

46. The technical design and focus of the Program draw on strong analytical evidence as well as lessons from previous public administration reforms in Morocco. The Program supports improvements to the performance and transparency of government operations as well as targeted public services by seeking strategic synergies between reforms directly targeting fiscal performance and digitalization efforts. The mainstreaming of adaptive leadership and support to change management will also address barriers associated with the complexity of aligning multiple stakeholders and changing human behavior, highlighted as a key factor in successful policy implementation.

RA 1: Improving Efficiency of Public Expenditure

47. The Program will support the government's efforts to improve the efficiency of public spending. The country plans to place public finances on a more sustainable trajectory and create the fiscal space needed to fund economic, social and environmentally sustainable development priorities. Achieving this objective depends on greater oversight over public spending efficiency. The increasingly constrained fiscal space calls for better use of public resources, ensuring that each public Dirham is usefully, efficiently and transparently spent, to achieve the best value for money of public services.

48. ENNAJAA will focus on strengthening the budget-performance approach. The effective roll out of the 2015 LOF is key to enhance the efficiency and effectiveness of public spending, especially at times of economic crises and drop in public revenue. ENNAJAA will incentivize the effective implementation of key elements of the LOF. More precisely, the Program will prompt: (a) performance management dialogue within the line ministries; (b) support the design and uptake of qualitative performance indicators in the PPs and ensure the monitoring of selected key performance indicators shared by ministries covered by the Program; (c) improve access to key budget documents, including citizens budget; and (d) systematize the evaluation of public policies.

49. The Program will also strengthen regionalization by instilling a budget-performance approach to the regional council level. Regional councils are elected sub-national governments, with responsibilities related to the economic development of their territory. The main planning tools are the Regional Development Plan (*Plan de Développement Régional*) and the related CPER. While most regions have a Regional Development Plan', and a few have a CPER with related transfers of resources from central government, the budgets of the regions are not yet in line with LOF. ENNAJAA will support the transition of the budgeting approach of one region to result-based three-year programming with performance indicators, three-year investment programming and the related resource transfers from central government, allowing for learning and adjustment before scaling up to all regions. This will: (a) improve synergies between regional and central governments' investment projects, and (b) instill result-based budget management and accountability at the regional council level.

50. ENNAJAA will incentivize the adoption of climate- and gender-sensitive budgets. Since 2002, the GOM has piloted Gender Responsive Budgeting, with the support of UN Women and the French Development Agency. This effort will be strengthened through ENNAJAA within line ministries to build capacity, improve gender indicators in PPs, and foster accountability for related results. Increasing vulnerability to climate risks elevated adaptation to climate change to one of Morocco's policy priorities. A climate responsive budget will contribute to ensure that budget allocation is aligned with climate policy commitments and tracking expenditure will foster accountability on results. The adoption of a climate responsive budget is aligned with the commitments of the GOM under the 2015 Paris Climate agreement and its Nationally Determined Contributions (NDC). Currently, the World Bank Group (WBG) and the Kingdom are preparing



a Country Climate and Development Report which will further support institutional and governance policy options for Morocco to transition and adapt to a sustainable and climate-informed development path.

51. The Program will support the strengthening and modernizing of Morocco's public procurement system. Public procurement amounted to an estimated MAD 200 billion (19 percent of GDP) in 2018. Morocco has taken a pragmatic and progressive approach to reforming its public procurement system. It launched the online portal in 2007, launched the procurement database in 2009, introduced electronic submissions and e-reverse auctions in 2015, and rolled out e-tendering in 2017. Opportunities for improvement remain, however, particularly regarding the analysis and disclosure of public procurement data. According to the latest Open Data Readiness Assessment (ODRA) and COA Audit Report on the implementation of the e-Gov strategy, procurement data are not accessible. The Program will support the opening of public procurement data via the reports published by the Procurement Observatory and the piloting of the OCDS. Increased transparency in public procurement would help increase opportunities for businesses, especially SMEs.

RA 2: Improving Public Revenue Management

52. There is a consensus in Morocco about the need for comprehensive tax reforms at both the national and local levels. The overarching theme of the 2019 National Tax Conference was *equity*. Significant horizontal and vertical inequalities exist in the taxation system. The decentralized nature of the taxation system requires reforms to address performance constraints in both the national and local systems. The central thrust of this Program is to strengthen the use of digital approaches and technologies to improve compliance and taxpayer services and to facilitate structural changes in the local taxation system to clarify institutional accountabilities and simplify taxes. Improved data sharing (interoperability) will be a key performance driver of the national taxation system and of coordination by institutions involved in the administration of the local taxation system (i.e., DGI, TGR, and municipalities).

53. Improved revenue management is needed to reduce fiscal risks, non-compliance, and tax inequities. Morocco collected 26.2 percent of GDP in taxes in 2019 (IMF, 2020).²⁹ This figure compares favorably with that of other countries in MENA, but is relatively low for a middle-income country. Many municipalities – especially large cities – lack the local revenue sources required to invest in infrastructure and finance the public services needed to drive growth. The pandemic caused tax collections to decline sharply and expenditures to increase. As a result, public debt is projected to rise from 76.4 percent of GDP in 2020 to about 79 percent in 2022, according to the World Bank estimates. In addition to the fiscal pressures, the tax system is characterized by significant non-compliance, with a value-added tax (VAT) compliance gap estimated at 4.4 percent of GDP in 2017, according to the International Monetary Fund (IMF). Inequity was one of the central themes of the 2019 Tax Conference, where the DGI, noted that a mere 0.06 percent of companies remit 50 percent of the corporate income tax, 55 percent of employees do not pay any taxes, and employees of just 126 companies contribute half of all personal income taxes. Digitalization is a core element of the DGI's 2017-21 Strategic Action Plan, which identifies priorities for modernizing the DGI, by transforming it into a fully digital service administration, rationalizing tax management, professionalizing collection, and strengthening tax control and compliance.

54. ENNAJAA will also support efforts to increase the effectiveness of the collection of local taxes to the benefit of the ten largest municipalities. Local taxes and fees (including when managed by the central government) represent 80 percent of revenues in these municipalities. Local tax collection is characterized by a range of inefficiencies. The considerable local tax gap impacts investments in public infrastructure and services. The ratio between the revenue

²⁹ Patrick De Mets, Vincent de Paul Koukpaizan, Stoyan Markov, Tiina Tamm, and Adil Soussi Nachit. Amélioration des Fonctions de L'Administration Fiscale. IMF. February 2020.



collected by the municipalities and the potential of fiscal resources is between 1:3 and 1:4.³⁰ Local revenue shortfall affects investments in public infrastructure and services and has adverse social impacts at both the local and national level. They include a perception of inequity, amplification of social imbalances, exacerbation of pollution, damage to public health, and harm to the development of the local and the national economy. Another consequence is that transfers from the central government to municipalities (through the VAT Special Account: CAS TVA) are diverted from supporting the poorer municipalities to helping finance investment gaps in the large cities, thereby reducing the government's ability to reduce regional differences. Boosting the revenue of the largest municipalities is therefore a national priority. A doubling of the tax and parafiscal revenues of Morocco's ten largest cities would increase savings more than sixfold and provide space for investments, which could be further expanded through borrowing.

55. Lessons learned from the previous reforms indicate that holistic reform of local taxes and their governance is required. The Program will support the simplification and streamlining of institutional roles and the digitalization of local taxes. It will support the gradual establishment of the new distribution of roles between the TGR and the DGI for the management of local taxes for which the central government is responsible. This new distribution is one of the main provisions of the recent Law 07-20 on local taxation. The Program will also support the establishment of electronic payment and electronic declaration instruments according to the Law 07.20. Moreover, the Integrated Revenue Management System for Local Governments (*Gestion Intégrée de la Recette, Collectivités Territoriales* [GIR-CT]) will integrate the entire chain of operations - from tax base identification to collection and tax recovery operations relating to taxes and fees managed by the municipality – increasing the collection rate.

RA 3: Improving the foundations of digital transformation through interoperability and Open Data.

56. The modernization and digitalization of the public administration is one of the GOMs key priorities, as evidenced by His Majesty the King's July 2019 Throne Speech and the NDM. The COVID-19 crisis has increased the urgency of the e-government agenda to support the efficiency of the public sector and improvements in access to and the quality of service delivery. One of the key foundational enablers to support the digital transformation of government and e-service delivery is ensuring the interoperability of data and systems within the public sector. Improving access to and the use of open government data would support better evidence-based decision making; innovation and transparency; and accountability with end users within government, the private sector and civil society.

57. ENNAJAA will support the modernization/digitalization agenda that is consolidated under the MTNRA. The ADD is the government's technical arm in charge of supporting the digitalization of all administrations (the MTNRA has the political/institutional lead on the legal framework covering the modernization of the public administration). Before the new government was formed in 2021, the MEFRA led the modernization of public administration and supported the adoption by Parliament, in 2020, of Law 55-19 on the simplification of administrative procedures and formalities. This law requires all public sector entities to achieve end-to-end digitalization of their services by 2025. Achieving this ambitious objective requires the interoperability of data and systems within the public sector. This strategic approach is reflected in the ADD's 2021-25 NOG, which has prioritized the development of a national interoperability platform.

58. Achieving interoperability requires the implementation of a robust strategic, legal, and regulatory framework as well as technical and organizational mechanisms. To support the development of these enabling layers, the Program will strengthen data interoperability infrastructure and standards to permit public sector entities to exchange data for the purpose of delivering services via an updated and operational national interoperability platform using APIs. These technical enablers are designed to support the demonstration of "quick wins" via data exchange "use cases" that can be used to support e-service delivery. The ADD will select priority use cases according to the maturity or high impact of

³⁰ See Etude d'optimisation du potentiel fiscal de la Ville de Casablanca, 2008, CRCI-PLC.



the relevant public sector entities and services.³¹ The results achieved under this Program will help lay the legal, technical and organizational foundations for interoperability and better data management, which would be scaled across the Whole-of-Government.

59. Reflecting on lessons learned from previous efforts to support interoperability in 2013,³² the GOM is taking a more holistic approach to these reforms. Technical investments will be anchored within a broader policy, legal and regulatory environment to put in place the tools needed to achieve effective digitalization and administrative simplification of the public sector. The Program will support the GOM in adopting the electronic administration law (No. 41-19) and preparing its secondary legislation supporting interoperability and GovTech reforms. Together with the CGI, this law provides the foundational enabling frameworks to support data exchanges across the Whole-of-Government for more efficient and simplified service delivery for end-users.

60. In parallel, the Program will strengthen the regular disclosure of public sector data by increasing access to Open Data in a participatory manner.³³ This responds to user needs in terms of data quality, relevance, and timeliness. It will help increase the impact of the Open Data agenda with end users and support the quality of data analysis for more transparent, inclusive and accurate data-driven decision-making, M&E, and innovation. Open Data is high on the government's agenda, as evidenced by its commitments under the Open Government Partnership and the ADD's NOG. The focus on Open Data is timely, as the 2018 Access to Information Law (in effect since February 2020) includes a provision requiring the proactive disclosure of public sector data. The Program builds on the recommendations of the 2020 ODRA to further support Open Data (re)use. Datasets will be prioritized for publication following user-centric criteria developed in a participatory manner through consultations with stakeholders within and outside government. Annual hackathon-type events will be organized to create successful use cases of Open Data reuse. Priority datasets will be published free of charge and in an open and reusable format, after ensuring that datasets containing personal data or personally identifiable information are effectively safeguarded through appropriate technical standards (e.g., statistical and encryption techniques to anonymize data).³⁴ Developing data management and publication standards and fostering a culture of proactive disclosure in the Moroccan public administration require effective coordination within government. To support improved access to and use of Open Data while ensuring that personal data/personally identifiable information are adequately safeguarded, the Open Government Steering Committee (*Comité de Pilotage – COPIL*) will be broadened to key government entities identified in the ODRA and will seek the CNDP's opinion to ensure that data protection issues are effectively incorporated in the design of the Open Data guidelines, standards and procedures elaborated by the COPIL.

61. Gaps in the availability of relevant data published on the national Open Data platform (*data.gov.ma*) affect gender-related statistics and hence policy-making.³⁵ To address the issue, the Program will support the publication of gender statistics and sex-disaggregated data in an open and reusable format on the upgraded Open Data platform.

³¹ Priority services identified by the ADD include social services such as MASSAR and private-sector oriented services such as those provided by the Moroccan Office of Industrial and Commercial Property (*Office marocain de la propriété industrielle et commerciale* [OMPIC]).

³² In the absence of a legal and regulatory framework mandating interoperability, previous efforts to enable interoperability through the adoption of a general interoperability framework and the "Gateway Gouvernementale" (interoperability platforms) to guide electronic transactions were unsuccessful.

³³ www.data.gov.ma.

³⁴ Provided with essential metadata in a non-proprietary machine-readable format with the appropriate license. The Ministry of Solidarity, Women, Family and Social Development (now Ministry of Solidarity, Social Insertion and Family) is not a member of the COPIL as the current structure reflects what the GOM considers to be key actors steering the Open Data agenda. As with other data producing ministries without dedicated seats at the COPIL, it will be consulted by the COPIL as part of its activities (e.g. data inventory and prioritization of datasets for publication), particularly to ensure gender statistics and sex-disaggregated data are prioritized for publication where relevant.

³⁵ Cf. Morocco's performance on key Open Data indicators ODIN, 2015. See Annex 3 for further details.



Doing so will help public authorities to better respond to demands from users within government, academia/think tanks and civil society organizations (CSOs) which require granular data to support more inclusive policymaking, research or advocacy efforts. The Program will support biannual consultations by the COPIL with specific CSOs working on gender issues or women's groups to help inform the prioritization criteria for the collection, processing and publication of gender statistics and gender-disaggregated data. In time, the GOM will be encouraged to include the Ministry of Women, Family and Social Inclusion in the COPIL so that it can contribute to decision making and raise awareness of user needs for gender statistics and gender differentiated analysis and representativeness as priorities for the Open Data agenda.³⁶ The ability to allocate specific technical assistance activities at this stage is limited, but downstream activities would include capacity building for the COPIL to have a thematic group that would advise entities on producing gender-differentiated analysis for policymaking and require a minimum number of publications to support awareness-raising of gender inequalities. Tax registries interconnected with other databases (RA2) at the national and local level will include gender disaggregation. In parallel, as part of RA1, the Program will contribute to and monitor the progress on the inclusion of gender-related indicators in the PPs of line ministries as well as the publication of a Gender-Sensitive Budget and the number of civil servants with responsibilities in planning and budgeting on gender budgeting.

Economic Evaluation

62. Over the long term, the Program is expected to improve the efficiency and transparency of public procurement, increase tax compliance and reduce transaction costs within the public administration through extensive digitalization of processes. This Program primarily supports the implementation of regulations that have already been approved.

63. Public procurement. The large volumes of public money spent in public procurement, combined with high levels of complexity and considerable discretion in project design and implementation, create a significant risk of corruption to public contracting worldwide. To tackle those risks, several countries, including Morocco, have introduced e-procurement reforms, which help broaden access for bidders³⁷ and thus increase competition³⁸ and enable better supervision. Under the ENNAJAA Program, the TGR commits to the publication and standardization of essential procurement data, which would potentially reduce information asymmetry and prices by attracting more participants. Establishment of a Public Procurement Observatory (*Observatoire des Marchés Publics* [OMP]) and implementation of an OCDS pilot to produce and publish strategic data analysis of procurement data would generate significant savings. Micro-level analysis of procurement information would identify opportunities for savings and efficiency gains. The procurement analysis for Ecuador, a country whose GDP is comparable to that of Morocco, identified potential savings of US\$7.3 - 7.9 billion over the period of four years, i.e around US\$1.8 billion/year (equivalent of about 1.8 percent of GDP a year) through the development and implementation of new procurement strategies and policies.³⁹ No changes to procurement laws and regulations were required to achieve these savings, only a reengineering of current procurement strategies. Potential savings for Morocco can be identified through a similar procurement analysis.

64. Program budgeting. The PforR will support the definition of agencies' strategies and the improvement of indicators used to track performance. An analysis of the existing PPs notes that there is an excessive number of indicators per agency, several of which are not relevant and/or not aligned with the agencies' overall objectives. The PforR will support the analysis and reformulation of the PPs of 10 ministerial departments and ministries in order to assess the relevance

³⁶ At present, however, DLI 8 is focused on broadening participation in the COPIL to the key actors identified under the ODR, which did not include the Ministry of Solidarity, to facilitate coordination.

³⁷ Lewis-Faupel, Neggers, Olken, & Pande, 2014.

³⁸ Coviello & Mariniello, 2014.

³⁹ World Bank. 2019. Ecuador Public Financial Review, Chapter 4. Washington, DC.



and coherence of the objectives and indicators and ensure that they are linked to the strategies to which they relate. It is expected that the upgraded PPs will include efficiency indicators, which are currently not prominent. Improvements in the quality of PPs are also expected to function as a building block for subsequent improvements in the tools and functions of the program budgeting system.

65. Improved DRM. The main objective of the PforR in this area is to strengthen the use of technology and data analysis to improve compliance. The DGI will both strengthen enforcement and implement other measures to increase voluntary compliance. Audits and other efforts are expected to increase revenue collection by 10 percent per year. The Program will lay the foundation for increasing the use of technology in the tax administration and, in the longer term, potentially establishing and expanding scalable platforms such as e-invoicing, which have helped curb tax evasion and increase revenues in other countries (such as Brazil). Improved data sharing (interoperability) will be a key performance driver of the national taxation system as well as coordination by institutions involved in the administration of the local taxation system (i.e., DGI, TGR, and municipalities).

66. Creation of the building blocks of a digital government. Increased interoperability with data exchanges among GOM agencies and service integration have the potential to improve service delivery in several sectors over the long term through digitization. This would reduce transaction costs in the economy. Potential gains would come from the simplification of business registrations and licensing, including environmental (reducing informality) and an increase in the number of registered female-led businesses, simplifying the delivery of social services, and improving the registration and record-keeping of health and educational data, among others. Over the long term, the private sector will directly benefit from lower transaction costs in dealing with the government. In the short term, it will benefit from new business opportunities. The institutional and technological reforms supported by the operation would foster the creation of new economic activities in systems integration and inter-operability, network administration, application development and a range of job opportunities emerging from deepening of the Open Data agenda, such as the growth of data analytics enterprises and the use of Open Data for commercial purposes and the building of investor confidence.

B. Fiduciary

67. The World Bank carried out an Integrated Fiduciary Systems Assessment (IFSA) in accordance with the World Bank Policy on PforR financing. The objective of the assessment was to examine whether Program systems provide reasonable assurance that the financing proceeds will be used for the intended purposes, with due attention to the principles of value for money, economy, integrity, fit for purpose, efficiency, effectiveness, transparency, fairness, and accountability. The IFSA covered the following ministries and entities: (a) the MEF, through DAAG, the DB, the DGI, the TGR DAGG, the ADII, (b) the DRA;⁴⁰ (c) the MI-DGCT through the region of Fes-Meknes; and (d) the ADD.⁴¹

68. The IFSA concluded that ENNAJAA's fiduciary systems meet the Bank Policy for PforR financing requirements and provide reasonable assurance that financing proceeds will be used for their intended purposes with the objective of supporting achievement of Program objectives. The Kingdom of Morocco and specifically the PFM and procurement country systems followed by the entities assessed during the IFSA are acceptable to the Bank and meet the requirements for implementation of a PforR. The nine entities involved in program implementation have strong legal and institutional frameworks; effective PFM planning and budget systems; and strong internal control systems with a clear and relevant division of duties at each step of the budget execution process. Budget execution and internal control systems are

⁴⁰ DRA is a department that has shifted from MEF to MTNRA (under the Office of the Head of Government), as per the nomination of the new Government on October 8, 2021. The IFSA was focused on the evaluation of DRA.

⁴¹ Similar to the DRA, the ADD shifted from the MIC to MTNRA (under the Office of the Head of Government). The IFSA was focused on the evaluation of the ADD.



computerized and inter-linked with procurement and treasury systems. Most public entities, including municipalities and SOEs, are required to follow the procurement rules set in the Public Procurement Decree (PPD), which is publicly accessible through the procurement portal. The main procurement method expected to be used for the Program's goods, works, services others than consultancy services and consultancy services is open national competitive bidding (ONCB), as defined in the PPD. Procurement background of the entities under the Program shows that in general they are used to procuring works, goods and services through open competition in the vast majority of cases, and shopping for the remaining.

69. There are opportunities to strengthen the Program with respect to transparency and predictability of resources; budget execution including procurement; financial reporting; and anti-corruption mechanisms. The Borrower will implement the Program in accordance with the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015 (Anti-Corruption Guidelines). To ensure adequate implementation, the systems will require some capacity and systems strengthening activities, as described below.

Risk assessment

70. The residual fiduciary risk is assessed as Substantial; fiduciary risk mitigation measures have been embedded in Program implementation to ensure adequate and timely budget planning and execution, effective accountability and transparency mechanisms, and achievement of expected results.

- **There is a risk of delays in the implementation of the activities and disbursement of DLIs 1, 2, 4 and 5 because of low budget execution rate at ADD and the Fes-Meknes region.** Main risks have been identified in the budget execution phase during the procurement and payment processes, in particular for ADD in the last three years (an average payment rate of 7 percent between 2018 and 2020) and the Fes-Meknes region regarding expenditures related to the CPER 2016-2021. The execution rate of less than 1 percent for the Fes-Meknes expenditures related to the CPER is due to the fact that the CPER was approved with delay by the MEF in 2020 and there was little time for the Region to use its expenditure envelope. The assessment documented that most of the projects/programs were signed at the time of the assessment, and procurement process had been launched in the meantime. However, there is no past record on the implementation of this new CPER in the country and capacity issues at the region level remain a challenge.
- **There is a risk of delays in the submission of consolidated annual audited financial statements and reconciliation between disbursement and Program eligible expenditure.** The Program design which includes several entities from various ministries requires significant fiduciary coordination mechanisms. Use of spreadsheets to prepare consolidated financial reports may affect their quality, acceptability, and timeliness.
- **The impact of the COVID-19 pandemic may lead to procurement delays and reduction of budget allocated to Program activities or entities.** There is a risk of re-prioritization by the GOM of its programming of expenditures that may not be within the ENNAJAA scope. If activities/projects do not receive adequate/timely funding, the Program may not meet its expected results.

71. ENNAJAA's design includes a comprehensive set of measures to mitigate the identified risks. These measures aim to ensure adequate budget and procurement execution of the PEF, effective accountability and transparency mechanisms, and achievement of expected results. The PAP (see Annex 6) includes specific, time-bound actions to mitigate the main risks. The risk of delays in procurement and payment process will be addressed through the appointment of dedicated fiduciary staff at the level of the Fes-Meknes region and its Regional Project Implementation Agency (*Agence Régionale d'Exécution des Projets [AREP]*), implementation of a capacity building program, and



introduction of improved financial reporting standards. The risk related to fiduciary coordination of the Program, as well as expenditure reconciliation, will be addressed by improving the capacity of the PMU through: (a) development of standard tools and documents for fiduciary reporting to relevant implementing entities; (b) deployment of performance management with the support of the Bank fiduciary experts through monitoring of key fiduciary performance indicators; and (c) enhanced coordination among the implementing entities. The PMU will have overall fiduciary responsibility for the Program and will coordinate with all other implementing agencies. As part of implementation support, the Bank will closely monitor potential post-pandemic related implementation impacts and coordinate closely with the participating entities to design appropriate mitigation measures.

72. The Program's ex ante and ex post control arrangements were found adequate to address the risk of fraud and corruption. These arrangements comprise several effective institutions playing complementary roles (the Ombudsman's Office, the COA, and the IGF). The MEF (DAAG) will collect – with support from the abovementioned institutions – and report to the Bank allegations occurring under the Program via the annual progress reports during Program implementation. The reporting format will include: (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 included in the PAP.

73. Summary of disbursement arrangements. The PforR-financed results areas are embedded in the budget and expenditure management processes of the country system. Program funds will be entirely reflected within the participating entities' budget. All payments under 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 (comptables publics) of each participating agency/ministry oversees making the payments. For advances, prior results and achieved results, the funds will be disbursed to the GOMs Treasury Single Account (TSA) at the Bank Al-Maghrib. The disbursements under the DLIs will be compared with Program expenditures in the last year of the Program (see details in Annex 2).

74. Procurement exclusions. It is envisaged that there is no high-value contract exceeding Operations Procurement Review Committee (OPRC) threshold value that would qualify for procurement exclusions.⁴²

C. Environmental and Social

75. The World Bank conducted an Environmental and Social System Assessment (ESSA). There are activities under this Program that present a potential for generating significant environmental risks. They relate to the activities that will be supervised by the DGCT and implemented by AREP of Fes-Meknes. The activities supported by ENNAJAA were identified using an environmental and social risks filter. Among the 84 programs listed in the entire CPER Fes-Meknes region 2016-21 (total amount of US\$1 billion), 40 projects and programs (representing US\$351.6 million) were not included under ENNAJAA because of their potential to generate important environmental and social risks. Activities involving land acquisition and resettlement are not eligible for PforR financing and were therefore excluded from the Program. The Program will have an Environmental and Social Technical Manual which will include a procedure for the AREP

⁴² They are set as follows: (1) works, estimated to cost US\$75,000,000 equivalent or more per contract; (2) goods, estimated to cost US\$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost US\$50,000,000 equivalent or more per contract; or (4) consultant services, estimated to cost US\$20,000,000 equivalent or more per contract.



Environmental and Social Focal Point to screen each proposed project against this requirement.⁴³ The Focal Point will also be trained with respect to the content of the manual. After careful review, 44 projects and programs were included, representing 36.2 percent of the total CPER. However, some of the projects and programs still present environmental and social risks that ENNAJAA will manage.

76. Given the lack of human resources of the AREP of Fes-Meknes and its limited capacity to manage environmental and social aspects, the environmental and social risks linked to the achievement of the Program's results and development objectives are considered substantial. To mitigate these risks a detailed action plan was developed. It defines for each stakeholder the obligations and deadlines for the realization of the mitigation measures defined in order to fill the gaps identified in the management system and in the environmental and social management capacities (see Annex 5).

77. Citizen engagement. Under RA1, the Program contributes to enabling access to budget documents, as captured in the PforR result framework: publication of citizen, gender and climate budgets; a summary of performance projects, with information about the performance of government operations; and information on regional triennial budget and investment project planning and execution. Under RA2, the Program contributes to improving service delivery related to paying taxes. Under the Program the first taxpayer satisfaction survey will be conducted. Its results will inform decision making about improvements to service delivery. Since its results are gender-disaggregated, such improvements would help narrow the gender gap between the taxpayer experience of men and women. Under RA3, the Program offers a unique opportunity to strengthen citizen engagement through a multi-stakeholder approach. This approach will be adopted to develop technical data management standards, prioritize datasets for publication and solicit feedback from end-users through consultation with non-government stakeholders. The Program also provides support for the development of an interactive portal within the Open Data platform to collect feedback on the quality of datasets and solicit requests for new data. This effort is aligned with the GOM's commitments under the Open Government Partnership's 2018-20 Action Plan. The Bank identified digital and analog citizen engagement tools that support the interoperability of data and the user-centric publication of open government data to support government performance and accountability. These tools are intended to promote a culture of proactive disclosure of relevant, quality, and up-to-date public sector data that meets user needs.

78. Gender. ENNAJAA includes activities aimed at promoting gender equality within a broader program that seeks to fundamentally shift government practices to enhance the effectiveness of government functions and improve access to (and use of) public sector data for policy making and to raise awareness of existing gender inequalities in Morocco. Globally, differences in the taxpayer experience of men and women are common. In Morocco, data have not been generated on this to inform actions that would have narrowed the gender gap in the taxpayer experience. Under RA2, the taxpayer survey will disaggregate data to differentiate between the user experience of men and women. This disaggregate data will then be used for decision making about improvements to tax services delivery for female and male users. Under RA3, ENNAJAA identifies and seeks to narrow gender gaps identified in two aspects: improving the coverage and access to gender-disaggregated and gender statistics published by the GOM. Actions taken to mitigate the gender gaps under DL18 include: (a) supporting the publication of gender-disaggregated data and gender statistics in an open and reusable format on an upgraded national Open Data platform so it can inform policy, and (b) ensuring that stakeholders working on gender issues (e.g. CSOs or women-led SMEs, but also the Ministry of Solidarity, Women, Family and Social Development) are included in the consultation process to identify data gaps and prioritize datasets for publication in a manner that responds to user needs. Also, to ensure that user feedback is received and responded to inclusively, the intermediate results indicator under RA3 will measure the number of user feedback requests addressed

⁴³ A screening procedure Template is provided as an annex to the ESSA.



in a timely manner by the GOM, disaggregated by gender. This will then allow for corrective actions if the data identify a gender gap in this respect.

79. The operation will support the ongoing efforts of the MEF to further implement Gender-Responsive Budgeting (GRB). GRB find its legal basis in the 2011 Constitution, which protects gender equality. It has been strengthened by the new Organic Law on Finance (LOF) of 2015. The LOF requires that a report called "Report on the results-based budget taking into account the gender aspect" (*Rapport sur le budget axé sur les résultats tenant compte de l'aspect genre*), previously known as the Gender Budget Report, be submitted annually as an annex to the Budget Law (Article 48). The law also requires budget programs to include a set of gender objectives and indicators (Article 39). The Gender Budget Report was improved in both its content and form in 2019 with the ongoing technical support of UN Women, to better align it with the new provisions of the LOF and transform it into a comprehensive and useful tool for monitoring the gender aspect of public policies. In addition to the qualitative improvement of the report, its implementation was expanded quantitatively, from 4 to 27 ministerial departments between 2005 and 2019. In addition to the UN Women's historical support in the implementation of GRB, Morocco has been benefiting from a EUR100 million four-year loan co-financed by the EU and *Agence Française de Développement* (AFD) since 2019. The objective of the loan is to support implementation of GRB, including through significant capacity-building activities. The IMF has praised Morocco as "the first and most developed gender budgeting initiative in the Middle East and Central Asia region." The following gender gap remains. The implementation of the performance-based budgeting (introduced by the LOF) still faces challenges, including in relation to setting and achievement of gender-related indicators (socio-economic indicators reporting on existing gender gaps). Among others, there is a still weak and uneven institutional capacity to fully implement gender-responsive budgeting and align this to the performance approach in public spending throughout the administration. The PforR supports the following actions incentivized under DLI1 to address this gap. The Program will support the alignment of the gender responsive budgeting and the performance approach in public spending by fostering the inclusion and achievement of gender-related indicators in Performance Plans (DLR 1.1: "The MEF has issued a circular [or equivalent administrative/legal act] establishing the quality standards to be met by the PPs," which include gender-related indicators) and by raising capacity on GRB and gender-related indicators among civil servants of selected ministries through targeted GRB trainings, delivered by the Rabat-based Center of Excellency for Gender Budgeting. The Program will specifically report on the increased share of gender-related indicators included in the PPs (PDO-level indicator) for which targets have been achieved (baseline 0 percent, target value 50 percent). In addition, the Program will report on the increased knowledge on GRB and gender-specific indicators among civil servants (at least 160 civil servants to be trained by the end of the Program).

80. Climate co-benefits. The proposed operation yields important climate co-benefits. Major climate risks and natural hazards are likely to affect Morocco's sustainable development. Extreme temperature rises are likely to exacerbate water scarcity and increase Morocco's vulnerability to heat waves and desertification. Despite significant investments and improvements in environmental sustainability over the last decade, the cost of environmental degradation in Morocco remains high (3.5 percent of GDP in 2014), particularly in relation to water resource management and air pollution. According to the 2018 Systematic Country Diagnostic, between 1960 and 2019, water availability per capita declined from 2,600 cubic meters in 1960 to around 700 cubic meters in 2018, average temperatures rose by 1.0 to 1.8 degrees Celsius, and precipitation declined by 3 to 30 percent, depending on the year. Environmental degradation disproportionately affects poorer segments of the population, which derive a larger share of their income from agriculture. As a signatory to the Paris Climate Agreement, Morocco is fully committed to international efforts to fight climate change. The 2019 Morocco CPF identified "greening the efficiency frontier" as a pathway to increasing productivity and reducing inequalities, through integrated water management and climate change adaptation.

81. Climate-related hazards can affect, the potential impact on the Program's interventions and vulnerable



populations in three main ways:

- *Increased Poverty and Vulnerability:* An increase in disaster-related impoverishment would put pressure on social security systems and livelihoods that target poorer groups in rural areas.
- *Assets and Equipment:* Climate-related hazards could destroy or degrade assets (such as information and communication technology [ICT] infrastructure and equipment, or local integrated digitalized access points), which would affect service delivery.
- *Institutional:* The public administration may not have the capacity to respond effectively to disasters or to build in effective adaptation mechanisms.

82. The operation will address climate-related risks and generate positive climate co-benefits through the following proposed activities:

- DLI1, DLI2 and DLI3: Encouraging and supporting the adoption of a climate-sensitive budget (DLI2) is expected to strengthen climate change policy implementation by: (a) increasing budget allocation in PPs to both climate adaptation and mitigation across all ministries, and (b) strengthening implementation, thanks to enhanced monitoring and accountability. Improving the quality of indicators of PPs as well as mainstreaming performance dialogue (DLI1) will foster the inclusion of climate-related performance indicators in PPs and enhance their implementation and accountability for performance. Improving regions' budgeting process (DLI3) will achieve the same result for their performance indicators and investment programming. At the regional level, Territorial Climate Action Plans (TCAP) are under preparation with the objective to translate the national strategic vision (embedded in the updated NDC) into regional plans and the DLI will help the integration of regional programming tools.⁴⁴ Ultimately, sectors critical to Morocco's commitments to fight climate change – the environment, energy, water, forestry, agriculture and social protection - are likely to strengthen their investments related to climate adaptation and mitigation, obtain budget for these, and be under scrutiny for implementation.
- DLI3: Decentralizing budgetary decision making and consequently public investment and bringing both closer to where interventions are needed will increase climate adaptation. Regions have a better sense of their immediate needs as they are better able to keep track of regional and local trends and developments. This allows them to remain nimble to respond swiftly and to target interventions more accurately and to take action with the greatest societal and economic value, also in response to adverse climate impact. Concentrating this process at the regional level increases accountability; further accountability would be established by tying regional budgetary decisions to certain spending parameters or framework, for instance, that require a certain portion of funds to contribute to climate action.
- DLI4: Open Data on procurement will enable civil society to monitor public procurement to advocate for more green or sustainable procurement. In some countries, like Bolivia, civil society is making clear links between openness and sustainability, including strengthening of sustainable food purchasing through digitalization of procurement data. In Mexico, civil society is supporting community opposition to construction of a dam, based on the analysis of contracting data. In Honduras, there are innovative efforts to join up infrastructure contract data, environmental impact assessments, land use data, and risk maps.
- DLI2 and DLI5: Improving tax information systems (DLI5) will provide the opportunity to produce data on tax expenditures relevant to climate and to track climate-responsive budgeting, in line with latest country setting Climate Budgeting (France) (DLI2). Tracking climate-related tax expenditures will not only foster the GOM's efforts

⁴⁴ The region of Souss Massa was the first to adopt its TCAP in 2018. A total of nine plans have been finalized or are being prepared (out of 12).



to fight climate change using the fiscal tools, but also tax compliance on tax relevant to climate change and taxation/exemption policy the GOM could leverage to support climate policy (e.g., on fuel, electricity and water consumption). Such taxation policy would in turn influence private sector alignment with national climate efforts.

- DLI1, DLI7 and DLI8: Mainstreaming climate considerations into budget processes (DLI1) combined with improving information data consolidation (DLI7) and sharing (DLI8) will contribute to enhancing data availability on climate risks and policy commitment, and contribute to raising awareness on climate related disasters. Specifically, this activity strives to promote climate data collection and reporting within the public sector to inform policy and regulatory action, and disclosure of relevant data to the private sector. The availability and accessibility of quality data in a timely and reliable manner to both public and private sector stakeholders is not just critical in disaster settings, but also in the day to day of a changing climate to the development, deployment and monitoring of strategies, technologies and processes that increase the resilience of value chains, and civic systems and allow for the mitigation if not reversal of adverse climate impact. Ultimately, DLI8 will create a feedback loop of data collection and sharing between the public and private sector that informs climate related policy processes, regulation/legislation, and private sector activity from research and development, business creation and value chain optimization.
- DLI7: The focus on data interoperability standards and infrastructure (DLI7) will help reduce duplication and support efficiency by promoting the re-use of existing data across integrated services. Digitalizing key public services (DLI7) is expected to reduce the consumption of fossil fuels used in traveling to administrative service points and/or receiving services through traditional analog channels, and reduce the consumption of paper. Improving inter-agency coordination in data management and governance and providing e-services to citizens will reduce the environmental impact of data transactions. The data interoperability framework and platform will consider climate risk and climate policy data in its design to ensure resilience in adverse impact scenarios, but also to mainstream climate risk awareness and the need to contingency plan and develop responses to climate disasters.

83. Grievance Redress Service. Communities and individuals that believe that they have been 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 (platform Chikaya.ma for grievances against public entities in Morocco) or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB 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>.

V. RISK

84. The overall risk to the Program objectives is substantial without mitigation and moderate with mitigation. The Program introduces a new approach to public sector management to unleash the potential of digital technologies to improve public sector performance. It will disrupt the status quo. There is therefore a risk of resistance to these changes. Moreover, the scope of the Program is multisectoral, involving numerous stakeholders with uneven capacity across



ministries and agencies supporting its implementation. The Program therefore presents substantial risks that require mitigation. As only such a multi-stakeholder approach can achieve the intended results, the Program adopts a holistic approach by aggregating and aligning three complementary result areas into one integrated Program where transversal digitalization of the administration will boost domestic revenue mobilization and enhance public spending efficiency.

Table 9: Program risk ratings, by category

Risk categories	Residual risk rating (H, S, M or L)
1. Political and governance	M
2. Macroeconomic	M
3. Sector strategies and policies	M
4. Technical design of program	S
5. Institutional capacity for implementation and sustainability	M
6. Fiduciary	S
7. Environment and social	S
8. Stakeholders	M
Overall	M

85. Risks related to the technical design are substantial. ENNAJAA integrates reforms of technical complexity and introduces a set of new digital solutions. Its implementation requires data sharing in an environment where data sharing is not common practice. The technical design of the Program is multisectoral, which increases the complexity of incentives of stakeholders to engage or resist. The technical design will be addressed by drawing on lessons from other countries and the intervention of experts. The need for actors to collaborate, acquire and use new technical skills will be addressed with a human-centered approach. These risks will be mitigated by technical design (including knowledge exchange with institutions and/or countries that have adopted digital solutions to improve public service efficiency) and adaptive behavior (the introduction of collaborative leadership tools to support Program coordination led by the MEF DAAG).

86. ENNAJAA’s fiduciary risks are substantial. The main risks are related to the budget execution phase during the procurement and payment process, for the ADD and the Fes-Meknes region expenditure. The Program’s ex ante and ex post control arrangements were found adequate to address the risk of fraud and corruption.

87. Environmental and social risks of the Program are assessed as substantial. The ESSA has identified significant environmental and social risks related to the preparation, construction, and operation phases of the activities that will be supervised by the DGCT and implemented by AREP of Fes-Meknes. The AREP in charge of implementing these activities lacks adequate human resources and has limited capacity to manage substantial environmental and social risks. The proposed measures, which include capacity building (development and implementation of a training module), are designed to mitigate and reverse these impacts. A simple environmental control and monitoring system will help identify and manage risks. However, the environmental and social risks remain substantial even after mitigation.



ANNEX 1. RESULTS FRAMEWORK MATRIX

Results Framework

COUNTRY: Morocco

Morocco Public Sector Performance (ENNAJAA) Program

Program Development Objective(s)

The Program Development Objective is to improve performance and transparency of government operations and service delivery

Program Development Objective Indicators by Objectives/Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
To improve performance and transparency of government operations and service delivery						
Share of performance indicators for which annual targets have been achieved (Percentage)		0.00	20.00	30.00	40.00	50.00
Share of gender-related indicators for which targets have been achieved (Percentage)		0.00	20.00	30.00	40.00	50.00
Increase in revenue from local taxes in the targeted municipalities (Percentage)	DLI 6	0.00	0.00	0.00	4.00	8.00
Share of fully digitized public services (Percentage)		23.00	25.00	35.00	50.00	75.00
Increase in targeted additional revenue collected by the DGI	DLI 5	0.00	0.00	5.00	10.00	15.00



Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
(Percentage)						



Intermediate Results Indicator by Results Areas

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
RA1: Improve the Efficiency of Public Expenditures							
The number of ministries using common priority indicators for their Support Programs in line with the standards outlined the circular Annual summary of Performance Projects published. (Number)	DLI 1	0.00	0.00	4.00	7.00	11.00	11.00
Annual Climate Sensitive Budget published (Number)	DLI 2	0.00	0.00	1.00	2.00		2.00
Annual Citizen's Budget published. (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Number of regions with regional triennial-investment programming and performance program budget. (Number)	DLI 3	0.00	0.00	1.00	4.00	4.00	4.00
Action Plan for introducing the Open Contracting Data Standards (OCDS) adopted. (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Open Contracting Data Standards piloted for the Invitation to Bids stage. (Text)		OCDS not applied	-	No OCDS feasibility study	-	OCDS pilot evaluation report published	OCDS pilot evaluation report published
Civil servants trained on Gender Budgeting and gender-specific indicators. (Number)		0.00	40.00	80.00	120.00		160.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
RA2: Improving public revenue management							
Increased data-sharing between DGI and key partners (CNSS, Customs, NARSA, Exchange Office). (Number)		0.00	1.00	2.00	3.00		4.00
Taxpayer satisfaction survey completed (Yes/No)		No	Yes				Yes
RA3. Improving the foundations of digital transformation through interoperability and Open Data							
Number of use cases integrated with the national interoperability platform. (Number)	DLI 7.6	0.00	0.00	4.00	8.00	12.00	12.00
Share of user requests timely responded to through the interactivity module on the national Open Data portal (disaggregated by gender). (Percentage)		0.00	0.00	30.00	50.00		80.00
Increase in the number of priority datasets published in an open and reusable format on the national Open Data platform. (Number)	DLI 8.7	145.00	145.00	145.00	188.00		245.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Share of performance indicators for which annual targets have been achieved	Performance indicators include indicators of efficiency, quality of service, and socio-economic indicators. This PDO indicator will track the achievement of annual targets of performance indicators in the in the PPs of pilot ministries.	Annual	IGF, Budget Department, Annual Performance Reports	The IGF (evaluation unit) will certify based on information shared by the Budget Department, the proportion of performance indicators targets achieved.	IGF – evaluation unit
Share of gender-related indicators for which targets have been achieved	Performance indicators include indicators of efficiency, quality of service, and socio-economic indicators, including on gender aspects. This PDO indicator will track the achievement of annual targets of performance indicators in the PPs of pilot ministries.	Annual	IGF, Budget Department, Annual Performance Reports	The IGF (evaluation unit) will certify based on information shared by the Budget Department, the proportion of performance indicators targets achieved.	IGF – evaluation unit
Increase in revenue from local taxes in the targeted municipalities	Increase in operating resources of the municipalities compared to 2019. Operating resources are revenues from local taxes, and therefore excluding loans and sales of	Annual, starting in 2024	TGR and DGI Statistics department data	The IGF verifies the percentage increase based on the TGR and DGI’s data.	IGF – evaluation unit



	assets as well as transfer revenues (CAS VAT). Targeted municipalities are Casablanca, Fez, Tangier, Marrakech, Salé, Rabat, Meknes, Oujda, Kenitra and Agadir.				
Share of fully digitized public services	Percentage of public services fully digitized and transactional meets the biennial target	Biannual	MEF's Biennial E-readiness assessment of public services	The IGF verifies the level of digitization of public services based on the e-readiness assessment.	IGF – evaluation unit
Increase in targeted additional revenue collected by the DGI	Percentage of increase in additional revenue compared to 2020. Additional revenue is result of DGI tax compliance enforcement efforts, as opposed to “spontaneous” revenue mobilization.	Biannual	The DGI Statistics department data	The IGF verifies the percentage increase based on the DGI's data.	IGF – evaluation unit



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
The number of ministries using common priority indicators for their Support Programs in line with the standards outlined the circular Annual summary of Performance Projects published.	Targeted ministries are applying the decree on PP indicators with regards to common priority indicators for their Support Programs.	Annual	Budget Department	The IGF (evaluation unit) verifies the alignment of the indicators of the selected ministries with the standards	IGF – evaluation unit of the Program
Annual Climate Sensitive Budget published	Cf DLR 2.3	Annual	MEF	IGF	IGF
Annual Citizen's Budget published.	A simplified budget is elaborated to enable easy understanding of annual budget by citizens. The citizen budget is published on the Budget Department website with the annual budget law.	Annual	http://lof.finances.gov.ma/	The Citizen's Budget is accessible online.	IGF – evaluation unit of the Program
Number of regions with regional triennial-investment programming and performance program budget.	Targeted regions applies the format set up in the related instruction for triennial investment programming and performance program budgets. Targeted regions will be the regions with Partnership Contract with the State.	Once	DGCT, regions	The IGF (evaluation unit) verifies that the regions' budgets meet the standards set by the instructions.	IGF – evaluation unit of the Program
Action Plan for introducing the Open Contracting Data Standards (OCDS) adopted.	The TGR adopts an action plan based on the feasibility study to apply	Once	http://lof.finances.gov.ma/	The IGF (evaluation unit) verifies that the assessment report has	IGF – evaluation unit of the Program



	OCDS standards.			been produced.	
Open Contracting Data Standards piloted for the Invitation to Bids stage.	The TGR pilots in a department the OCDS standards for bidding notices.	Once	TGR	The IGF (evaluation unit) verifies that the assessment report has been produced.	IGF – evaluation unit of the Program
Civil servants trained on Gender Budgeting and gender-specific indicators.	Civil servants involved in planning and programming process in their ministries have been trained in Gender Budgeting by 2025 by the Center of Excellency in Gender Budgeting.	Annual	http://lof.finances.gov.ma/ https://cebsg.finances.gov.ma/fr	The IGF (evaluation unit) verifies that the trainings have been delivered.	IGF – evaluation unit of the Program
Increased data-sharing between DGI and key partners (CNSS, Customs, NARSA, Exchange Office).	Tax department (DGI) increase data-sharing with key partners to improve consistency of data as well as contribute to service simplification. Targeted key partners are (i) CNSS with regards to professional tax and medical coverage; (ii) customs with regards to VAT reimbursement; (iii) NARSA with regards to vehicles licenses; (iv) Exchange office with regards to remittances.	Annual	DGI	Data-sharing between targeted databases is considered effective when data-sharing is reciprocal, regular, and used by at least one of the stakeholder.	IGF
Taxpayer satisfaction survey completed	DGI undertake, complete and publish a taxpayers satisfaction survey. The survey will assess the	Once	DGI	DGI report	MEF



	satisfaction of taxpayers with regards to ease of paying taxes, covering a wide diversity of taxpayers categories (informal sectors, individuals, small business, large businesses, etc.) and tax types.				
Number of use cases integrated with the national interoperability platform.	Use cases are defined as data exchange between public sector entities for the purposes of delivering a service.	Annual, starting from 2022 (baseline 0 in 2021)	ADD annual progress report	The IGF attests to the increase in the number of use cases integrated with the national interoperability platform, based on information shared by the ADD.	IGF – evaluation unit of the Program
Share of user requests timely responded to through the interactivity module on the national Open Data portal (disaggregated by gender).	80% of user feedback requests are addressed timely through the interactivity module located within the national Open Data portal. Timeliness will be described in the national Open Data portal procedures.	Quarterly	ADD quarterly progress report using data from national Open Data platform	The IGF attests to the percentage of feedback requests addressed based on information provided by the ADD.	IGF – evaluation unit of the Program
Increase in the number of priority datasets published in an open and reusable format on the national Open Data platform.	Increase in the number of safeguarded priority datasets published in an open and reusable format and under the original and irrevocable terms of the	Annual, starting from 2022	ADD annual progress report using data from the national Open Data platform	The IGF attests to the increase in the number of datasets published according to the defined standards based on information provided by	IGF – evaluation unit of the Program



	ODbL adopted by the GOM on the national Open Data platform.			the ADD.	
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ANNEX 2. DISBURSEMENT LINKED INDICATORS, DISBURSEMENT ARRANGEMENTS AND VERIFICATION PROTOCOLS

Disbursement Linked Indicators Matrix

DLI 1	Strengthening the performance approach introduced by the LOF			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	60,000,000.00	11.56
Period	Value		Allocated Amount (USD)	Formula
Baseline	Limited quality of performance based programs			
2022	cf DLR		20,000,000.00	Yes/No
2023	cf DLR		20,000,000.00	Yes/No
2024	cf DLR		20,000,000.00	Yes/No
2025	Enhanced quality of performance based programs		0.00	Yes/No
DLI 1.1	The MEF has issued a circular (or equivalent administrative/legal act) establishing the quality standards to be met by the Performance Projects.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula



Baseline	No			
2022	Yes		10,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 1.2	The MEF has issued a circular (or equivalent administrative/legal act) establishing a model of Management Charter.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		10,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 1.3	11 ministries are using performance indicators in line with standards.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	22,000,000.00	4.89
Period	Value		Allocated Amount (USD)	Formula



Baseline	None			
2022	0.00		0.00	2 million per ministry
2023	5 ministries using performance indicators		10,000,000.00	2 million per ministry
2024	6 additional ministries using performance indicators		12,000,000.00	2 million per ministry
2025	11 ministries		0.00	2 million per ministry
DLI 1.4	10 ministries have adopted a Management Charter.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	20,000,000.00	4.44
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2022	0.00		0.00	2.0m per ministries
2023	5 ministries adopted a Management Charter		10,000,000.00	2.0m per ministries
2024	5 additional ministries adopted a Management Charter		10,000,000.00	2.0m per ministries
2025	10 ministries with management charter		0.00	2.0m per ministries



DLI 2	Introducing a Climate sensitive Budget			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	50,000,000.00	11.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No climate budgeting			
2022	Circular on climate budgeting		10,000,000.00	cf DLR
2023	Climate sensitive budget published		0.00	cf DLR
2024	Climate sensitive budget published		20,000,000.00	cf DLR
2025	Climate sensitive budget and audit published		20,000,000.00	cf DLR
DLI 2.1	The MEF has issued a circular establishing the procedures, the calendar, definitions and scope of application of climate budgeting.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		10,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No



2025	Yes		0.00	Yes/No
DLI 2.2	Annual publication of a climate sensitive budget in two (2) given years, in compliance with the circular.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	40,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No climate sensitive budget			
2022	No climate sensitive budget		0.00	–
2023	No climate sensitive budget		0.00	–
2024	First climate sensitive budget		20,000,000.00	20m for each Climate Sensitive Budget
2025	Second climate sensitive budget		20,000,000.00	20m for each Climate Sensitive Budget
DLI 3	Enhancing the Decentralization agenda by strengthening the budget programming of the regions			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	50,000,000.00	11.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No regional multiyear budget programming			
2022	cf DLR		10,000,000.00	cf DLR



2023	cf DLR		10,000,000.00	cf DLR
2024	cf DLR		20,000,000.00	cf DLR
2025	Effective regional multiyear budget programming		10,000,000.00	cf DLR
DLI 3.1	Publication of an MI's circular on the operationalization of the classification by program and activities of the regions' budgets.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		5,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 3.2	Publication of the MI's circular on the regions' three-year investment programming.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			



2022	Yes		5,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 3.3	Two (2) regions have adopted their triennial budget program in accordance with the circular on budget classification.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No region with multiyear budget programs			
2022	No region with multiyear budget programs		0.00	5.0m per region
2023	One region with multi-year program		5,000,000.00	5.0m per region
2024	One additional region with multi-year program		5,000,000.00	5.0m per region
2025	Two regions with multi-year program		0.00	5.0m per region
DLI 3.4	Four (4) regions have adopted their three-year investment programming in accordance with the MI circular.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	20,000,000.00	4.44
Period	Value		Allocated Amount (USD)	Formula
Baseline	No regions with three year investment programs			



2022	No regions with three year investment programs		0.00	5.0m per region
2023	One region produces three-year investment programs		5,000,000.00	5.0m per region
2024	Three additional regions produces three-year invest programs		15,000,000.00	5.0m per region
2025	Four regions with three-year invest programs		0.00	5.0m per region
DLI 3.5	Publication by Fes-Meknes region of its first performance budget execution report including the three-year investment programming.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	No		0.00	Yes/No
2024	No		0.00	Yes/No
2025	Yes		10,000,000.00	Yes/No



DLI 4	Improving the efficiency of public procurement through data production and analysis			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	42,000,000.00	7.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	Procurement performance data not produced and OCDS standards not implemented			
2022	Procurement database upgraded		20,000,000.00	cf DLR
2023	National procurement observatory operational		16,000,000.00	cf DLR
2024	Procurement performance report published		3,000,000.00	cf DLR
2025	Procurement performance report published		3,000,000.00	cf DLR
DLI 4.1	The TGR has upgraded the procurement database under terms of reference set forth in the POM to inform the future national procurement observatory.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	20,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		20,000,000.00	Yes/No
2023	Yes		0.00	Yes/No



2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 4.2	The national procurement observatory is operational.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	16,000,000.00	3.56
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	Yes		16,000,000.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 4.3	Six (6) statistical reports of the national procurement observatory have been published.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	6,000,000.00	1.33
Period	Value		Allocated Amount (USD)	Formula
Baseline	No procurement performance data published			
2022	No procurement performance data published		0.00	1.0 per of statistical report
2023	No procurement performance data published		0.00	1.0 per of statistical report



2024	Three procurement performance periodic reports published		3,000,000.00	1.0 per of statistical report
2025	Three additional procurement performance periodic reports published		3,000,000.00	1.0 per of statistical report
DLI 5	Improving tax compliance and performance of the tax administration			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	50,000,000.00	13.33
Period	Value		Allocated Amount (USD)	Formula
Baseline	Absence of a multi-year action plan and centralized risk management unit			
2022	Multi-year action plan to improve tax compliance		20,000,000.00	Yes/No
2023	National tax compliance risk analysis unit created and operational, and tax compliance risk management committee operational		10,000,000.00	Yes/No
2024	Actions proposed by the tax compliance risk management unit subject to decision for action		13,333,334.00	cf DLR
2025	Actions proposed by the tax compliance risk management unit subject to decision for action		6,666,666.00	cf DLR



DLI 5.1	The MEF has adopted a multi-year action plan to improve tax compliance, under terms of reference as set forth in the POM.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		10,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 5.2	A national tax compliance management and risk analysis unit in the MEF is created and operational.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	4.44
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		10,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No



DLI 5.3	A tax compliance risk management committee is operational.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	10,000,000.00	4.44
Period	Value		Allocated Amount (USD)	Formula
Baseline	No Tax Compliance Risk Management Committee			
2022	No Tax Compliance Risk Management Committee		0.00	Yes/No
2023	Tax Compliance Risk Management Committee operational		10,000,000.00	Yes/No
2024	Tax Compliance Risk Management Committee operational		0.00	Yes/No
2025	Tax Compliance Risk Management Committee operational		0.00	Yes/No
DLI 5.4	Based on the actions proposed by the national tax compliance management and risk analysis unit by March 31, 2024, 60% of the actions proposed have been subject to decision for action.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	20,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No action on tax compliance risk identified			
2022	No action on tax compliance risk identified		0.00	6.66m per 20 percentage point



2023	No action on tax compliance risk identified		0.00	6.66m per 20 percentage point
2024	40% of the actions proposed by the tax compliance risk management unit have been subject to decision for action		13,333,333.33	6.66m per 20 percentage point
2025	60% of the actions proposed by the tax compliance risk management unit have been subject to decision for action		6,666,666.67	6.66m per 20 percentage point
DLI 6	Increasing revenue of municipalities			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	80,000,000.00	17.78
Period	Value		Allocated Amount (USD)	Formula
Baseline	Absence of an online platform to fill and pay local taxes; new governance framework for state managed local taxes not implemented			
2022	Implementing decrees		6,000,000.00	Yes/No
2023	Interfacing GIR-CT		46,000,000.00	Yes/No
2024	Local tax e-fill and e-payment effective		19,000,000.00	Yes/No
2025	Local tax e-fill and e-payment effective and new governance framework for state managed local taxes implemented		9,000,000.00	Yes/No



DLI 6.1	The Borrower's has published an arrêté implementing article 6 of Law 07-20 on local taxation management.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	6,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No implementing decree of Law 47-06 revised by Law 07-20			
2022	Implementing decree of Law 47-06 revised by Law 07-20		6,000,000.00	Yes/No
2023	Implementing decree of Law 47-06 revised by Law 07-20		0.00	Yes/No
2024	Implementing decree of Law 47-06 revised by Law 07-20		0.00	Yes/No
2025	Implementing decree of Law 47-06 revised by Law 07-20		0.00	Yes/No
DLI 6.2	Interfacing functions of the GIR-CT with local systems is implemented in at least 100 large Municipalities enabling these Municipalities to manage the entire local taxation chain of operations.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	40,000,000.00	8.89
Period	Value		Allocated Amount (USD)	Formula
Baseline	GIR-CT not interfaced on local taxation			



2022	GIR-CT not interfaced on local taxation		0.00	Yes/No
2023	GIR-CT interfaced on local taxation		40,000,000.00	0.4m per municipalities with GIR-CT
2024	GIR-CT interfaced on local taxation		0.00	Yes/No
2025	GIR-CT interfaced on local taxation		0.00	Yes/No
DLI 6.3	The electronic declaration and payments system for municipal taxes is operational.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No e-declaration and e-payment			
2022	No e-declaration and e-payment		0.00	Yes/No
2023	No e-declaration and e-payment		0.00	Yes/No
2024	Tax e-fill and e-payment effective at municipal level		10,000,000.00	Yes/No
2025	Tax e-fill and e-payment effective at municipal level		0.00	Yes/No



DLI 6.4	The new governance framework mandated by article 6 of Law No. 07-20 is operational in 400 Municipalities.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	24,000,000.00	5.33
Period	Value		Allocated Amount (USD)	Formula
Baseline	No municipality apply the new governance framework			
2022	No municipality apply the new governance framework		0.00	1.2m per each 20 large municipalities
2023	100 municipalities apply the new governance framewo		6,000,000.00	1.2m per each 20 large municipalities
2024	150 municipalities apply the new governance framework		9,000,000.00	1.2m per each 20 large municipalities
2025	150 municipalities apply the new governance framework		9,000,000.00	1.2m per each 20 large municipalities
DLI 7	Improving data exchange and interoperability of information systems			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	56,000,000.00	12.44
Period	Value		Allocated Amount (USD)	Formula
Baseline	The interoperability platform is not operational and the legal and regulatory framework for interoperability is not in place			



2022	Legal framework updated, platform established		18,000,000.00	Yes/No
2023	Implementing decrees published, priority procedures for digitalization identified		21,000,000.00	Yes/No
2024	National interoperability platform integrates new use cases		9,000,000.00	Yes/No
2025	End user satisfaction		8,000,000.00	Yes/No
DLI 7.1	The Government Council has adopted and submitted to Parliament draft Law No. 41-19 on digital administration.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	8,000,000.00	1.78
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		8,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No



DLI 7.2	A general interoperability framework consolidating the norms, procedures and technical standards required for users to interface with the national interoperability platform, has been adopted.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		5,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 7.3	The national interoperability platform is operational.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		5,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No



2025	Yes		0.00	Yes/No
DLI 7.4	The regulatory acts implementing Law No. 41-19 on interoperability have been prepared and submitted to the Secrétariat Général du Gouvernement.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No implementing decree on interoperability			
2022	No implementing decree on interoperability		0.00	Yes/No
2023	Implementing decree on interoperability		10,000,000.00	Yes/No
2024	Implementing decree on interoperability		0.00	Yes/No
2025	Implementing decree on interoperability		0.00	Yes/No
DLI 7.5	The list of administrative procedures prioritized for digitalization in conformity with Law No. 55-19 has been validated by the National Commission on Simplification of Administrative Procedures.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No



2023	Yes		10,000,000.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 7.6	the ADD has integrated 12 use cases with the national interoperability platform for digitalization of associated services.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	4,000,000.00	1.78
Period	Value		Allocated Amount (USD)	Formula
Baseline	No interoperability			
2022	No interoperability		0.00	_
2023	4 use cases integrated		1,333,334.00	0.333m per use cases
2024	8 additional use cases integrated		2,666,666.00	0.333m per use cases
2025	12 use cases integrated		0.00	_
DLI 7.7	The integration of the 12 use cases on the interoperability platform has resulted in the simplification of administrative procedures.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	4,000,000.00	
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			



2022	No use cases led to simplified administrative procedures		0.00	-
2023	No use cases led to simplified administrative procedures		0.00	-
2024	4 use cases led to simplified administrative procedures		1,333,333.00	0.333m per use case
2025	12 use cases led to simplified administrative procedures		2,666,667.00	0.333m per use case
DLI 7.8	A public administration users satisfaction survey of the platform regarding the national interoperability platform has been completed by the ADD.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	No		0.00	Yes/No
2024	Yes		5,000,000.00	Yes/No
2025	Yes		0.00	Yes/No



DLI 7.9	One (1) end-users satisfaction survey among companies and citizens regarding the digitalization of priority service has been completed by the MTNRA.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	No		0.00	Yes/No
2024	No		0.00	Yes/No
2025	Yes		5,000,000.00	Yes/No
DLI 8	Improving the proactive disclosure of open government data			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	60,000,000.00	13.33
Period	Value		Allocated Amount (USD)	Formula
Baseline	Limited data openness			
2022	Open data interventions identified		5,000,000.00	Yes/No
2023	Open data steering committee extended and operational on norms and standards		40,000,000.00	Yes/No



2024	Legal framework on open data		5,000,000.00	Yes/No
2025	Increased demand and supply of public data published		10,000,000.00	Yes/No
DLI 8.1	List of potential interventions to be implemented for open data is established by the Open Data Steering Committee in consultation with non-government stakeholders.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	5,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	Yes		5,000,000.00	Yes/No
2023	Yes		0.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 8.2	COFIL extended in line with ODRA; and COFIL has: (i) defined the norms and standards for the processing and publication of (meta)data; and (ii) adopted an M&E plan for the open data initiative.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			



2022	No		0.00	Yes/No
2023	Yes		10,000,000.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 8.3	The draft regulatory text on proactive disclosure under the Access to Information Law No. 31.13 has been validated by the MNTRA for its submission to the Council of Government.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	Yes		10,000,000.00	Yes/No
2024	Yes		0.00	Yes/No
2025	Yes		0.00	Yes/No



DLI 8.4	The national open data portal is operational and include an interactive module to facilitate user participation in quality control and rapid feedback.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	No		0.00	Yes/No
2024	Yes		10,000,000.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 8.5	A data inventory (incl. a referencing of data sets available in selected ministries and public entities) has been developed, and priority data sets for processing and publication have been identified.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	No		0.00	Yes/No



2024	Yes		10,000,000.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 8.6	At least one (1) annual hackathon-type event to promote public sector data use has been organized by the ADD.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Yes/No	5,000,000.00	1.11
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No
2023	No		0.00	Yes/No
2024	Yes		5,000,000.00	Yes/No
2025	Yes		0.00	Yes/No
DLI 8.7	245 quality, updated, saved priority datasets published free of charge with essential metadata in open, reusable format on platform data-gov-ma (or linked to sectoral platform), from baseline of 145.			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Yes/No	10,000,000.00	2.22
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
2022	No		0.00	Yes/No



2023	No	0.00	Yes/No
2024	No	0.00	Yes/No
2025	Yes	10,000,000.00	10m, from a baseline of 145 datasets for each five new datasets, 0.5m available for withdrawal, up to 10m



Verification Protocol Table: Disbursement Linked Indicators

DLI 1	Strengthening the performance approach introduced by the LOF
Description	The Ministry of Economy – Budget Department has issued a circular establishing the quality standards to be met by the Performance Projects, including efficiency indicators, quality of service indicators and socio-economic indicators – the latter including gender (DLR 1.1) and is implemented (DLR 1.3) The Ministry of Economy has issued a circular establishing a model of Management Charter to performance management dialogue in ministries (DLR 1.2) and its adoption by ministries (DLR 1.4)
Data source/ Agency	IGF
Verification Entity	Budget Department
Procedure	IGF (i) verifies that the two circulars are published, (ii) reviews the objectives/indicators in the PPs of the targeted ministries against the circular’s standards and attests that common priority indicators, and performance indicators (efficiency, quality of service, socio-economic) are used; (iii) verifies that the targeted ministries have adopted management charters in line with the circular against the model.
DLI 1.1	The MEF has issued a circular (or equivalent administrative/legal act) establishing the quality standards to be met by the Performance Projects.
Description	The Ministry of Economy – Budget Department has issued a circular establishing the quality standards to be met by the Performance Projects, including efficiency indicators, quality of service indicators and socio-economic indicators – the latter including gender. The circular relates to the application of the provisions of Law 47-06 revised by Law 07-20.
Data source/ Agency	Budget Department
Verification Entity	IGF/Budget Department
Procedure	IGF verifies that the circular is published,
DLI 1.2	The MEF has issued a circular (or equivalent administrative/legal act) establishing a model of Management Charter.
Description	MEF has issued a circular (or equivalent administrative/legal act) establishing a model of Management Charter for performance management dialogue in ministries.



Data source/ Agency	IGF
Verification Entity	IGF
Procedure	IGF verifies the circular (or equivalent administrative/legal act) is published.
DLI 1.3	11 ministries are using performance indicators in line with standards.
Description	11 ministries are using performance indicators in line with standards.
Data source/ Agency	Budget Department
Verification Entity	IGF
Procedure	IGF reviews the objectives/indicators in the PPs of the targeted ministries against the standards of the circular (or equivalent administrative/legal act) standards and attests that common priority indicators, and performance indicators (efficiency, quality of service, socio-economic) are used.
DLI 1.4	10 ministries have adopted a Management Charter.
Description	10 ministries have adopted the modal Management Charter in line with circular (or equivalent administrative/legal act).
Data source/ Agency	Budget Department
Verification Entity	IGF/Budget Department
Procedure	The IGF verifies that the targeted ministries have adopted management charters in line with the circular (or equivalent administrative/legal act).
DLI 2	Introducing a Climate sensitive Budget
Description	The circular on climate budgeting defines what is considered relevant for climate according to national policy and international standards (including climate adaptation and mitigation), defines the methodology for assessing climate-sensitive PP and budget, provides guidance for climate-specific indicators, and defines processes for climate budgeting identification and validation, including roles, responsibilities and timeline. Climate budgets are summary of climate-related budget and PPs and officially published in parallel to Budget Law. Performance audit of climate-sensitive budget will assess the performance of climate related indicators and will be published on government website.



Data source/ Agency	Budget Departments/Involved ministerial departments
Verification Entity	IGF
Procedure	IGF verifies that (i) the circular on climate budgeting is adequate and published, (ii) two annual climate-sensitive budget are published, (iv) an audit of the performance of climate budget is finalized and published.
DLI 2.1	The MEF has issued a circular establishing the procedures, the calendar, definitions and scope of application of climate budgeting.
Description	The circular on climate budgeting defines what is considered relevant for climate according to national policy and international standards (including climate adaptation and mitigation), defines the methodology for assessing climate-sensitive PP and budget, provides guidance for climate-specific indicators, and defines processes for climate budgeting identification and validation, including roles, responsibilities and timeline.
Data source/ Agency	Budget Departments/Involved ministerial departments
Verification Entity	IGF
Procedure	IGF verifies that the circular on climate budgeting is adequate and published.
DLI 2.2	Annual publication of a climate sensitive budget in two (2) given years, in compliance with the circular.
Description	Climate budgets are summary of climate-related budget and PPs and officially published in parallel to Budget Law.
Data source/ Agency	Budget Departments/Involved ministerial departments
Verification Entity	IGF
Procedure	IGF verifies that two annual climate-sensitive budget are published,
DLI 3	Enhancing the Decentralization agenda by strengthening the budget programming of the regions
Description	The DLRs are about the adoption and implementation of the circulars in pilot regions including Fes-Meknes on (i) the operationalization of LOF to Regions, by having Region's budget presented by programs; and (ii) operationalize three-year programming of Regions' investment project, updated annually, coherent with the adopted Regional Development Plan, Regional Climate Commitment and the Region-State Partnership Contract. This circular will also clarify the related



	mechanism for program authorizations and payment appropriations. Both circular should outline the roles, responsibilities of Region, Central government – as well as the calendar for each steps. The last DLR concerns the budget execution report by Fes Meknes Region under the new format set by the circulars
Data source/ Agency	DGCT (mi)/Regions involved
Verification Entity	IGF
Procedure	IGF (evaluation unit) verifies that (i) circular on Region’s budgeting by program has been elaborated and published with the appropriate standards regarding the classification by program and action of Regions’ budgets, in line with LOF and 2015 Regionalization Law (Law 11-14, art. 170-180). ; (ii) the circular on Region’s triennial investment programming has been elaborated and published with the appropriate standards given the LOF and clarifies the related mechanism for program authorizations and payment appropriations, as stated in the law (Law 11-14, art. 170-180); (iii) the pilot region’s budget meets the standards of the circular on the new performance-based budget presentation; (iv) the pilot regions budgets meet the standards of the circular on triennial investment programming; (v) a region’s published budget execution report meet the standards of the circular on performance-based budgeting and three-year investment programming
DLI 3.1	Publication of an MI’s circular on the operationalization of the classification by program and activities of the regions’ budgets.
Description	Publication of a MI circular on the operationalization of the classification by program and activities of regions’ budgets in line with pursuant to articles 170-180 of the 2015 LOF. The Circular should outline the roles, responsibilities of Region, Central Government – as well as the calendar for each steps.
Data source/ Agency	DGCT (mi)/Regions involved
Verification Entity	IGF
Procedure	The IGF verifies that the circular on region’s budgeting by program has been elaborated and published with the appropriate standards regarding the classification by program and action of regions’ budgets, in line with LOF and 2015 Regionalization Law (Law 11-14, art. 170-180).
DLI 3.2	Publication of the MI’s circular on the regions’ three-year investment programming.
Description	The circular operationalizes three-year programming of regions’ investment project, updated annually, coherent with the adopted Regional Development Plan and the Region-State Partnership Contract. This circular will also clarify the related mechanism for program authorizations and payment appropriations. The Circular should outline the roles, responsibilities



	of Region, Ministry of Finance, Ministry of Interior – as well as the calendar for each steps.
Data source/ Agency	DGCT (mi)/Regions involved
Verification Entity	IGF
Procedure	IGF verifies that the circular on region’s three-year investment programming has been elaborated and published with the appropriate standards given the LOF and clarifies the related mechanism for program authorizations and payment appropriations, as stated in the law (Law 11-14, art. 170-180).
DLI 3.3	Two (2) regions have adopted their triennial budget program in accordance with the circular on budget classification.
Description	The circular in DLR 3.1 is applied to two regions, including Fes-Meknes.
Data source/ Agency	DGCT (MI)/Regions involved
Verification Entity	IGF
Procedure	IGF verifies that the pilot region’s budget meets the standards of the circular on the new performance-based budget presentation.
DLI 3.4	Four (4) regions have adopted their three-year investment programming in accordance with the MI circular.
Description	Four regions - including Fes-Meknes region - produced three-year investment programming in line with circular mentioned in DLR 3.2.
Data source/ Agency	DGCT (MI)/Regions involved
Verification Entity	IGF
Procedure	The IGF verifies that the pilot regions' budgets meet the standards of the circular on three-year investment programming.
DLI 3.5	Publication by Fes-Meknes region of its first performance budget execution report including the three-year investment programming.
Description	Presentation of the first region’s budget execution report by Fes-Meknes region meeting the new provisions set by the circulars on budget classification by program and three-year investment programming.
Data source/ Agency	DGCT (MI)/Regions involved



Verification Entity	IGF
Procedure	IGF verifies that the pilot region of Fes-Meknes has produced its first budget execution report in line with the new provisions set by the instructions on classification by program and three-year investment programming.
DLI 4	Improving the efficiency of public procurement through data production and analysis
Description	TGR has upgraded the existing public procurement database to inform forthcoming National Public Procurement Observatory (DLR 4.1) to enhance the automatization process of data consolidation and production, structure the database to produce key performance indicators for procurement system. The National Procurement Observatory has become operational, i.e. provided with adequate governance, procedures and resources and has produced at least one statistical report (DLR 4.2) The National Procurement Observatory have published regularly periodic statistical report on public procurement system performance.
Data source/ Agency	TGR/National Procurement Observatory/the Moroccan Public Procurement Portal
Verification Entity	IGF
Procedure	The IGF will (i) review the TGR technico-functional report on the upgrade and resetting of the Public Procurement database including end-to-end demonstration; (ii) review the regulatory text creating the Observatory and the TGR report defining the National Procurement Observatory processes, governance and resources, as well as a procurement statistic report to show the observatory is operational; ; (iii) verifies that the Observatory statistical reports are available online on the TGR website
DLI 4.1	The TGR has upgraded the procurement database under terms of reference set forth in the POM to inform the future national procurement observatory.
Description	TGR has upgraded the existing public procurement database to inform forthcoming National Public Procurement Observatory (DLR 4.1) to enhance the automatization process of data consolidation and production, structure the database to produce key performance indicators for procurement system.
Data source/ Agency	TGR/National Procurement Observatory/the Moroccan Public Procurement Portal
Verification Entity	IGF
Procedure	IGF will (i) review the TGR technico-functional report on the upgrade and resetting of the Public Procurement database including end-to-end demonstration.



DLI 4.2	The national procurement observatory is operational.
Description	The National Procurement Observatory has become operational, i.e. provided with adequate governance, procedures and resources and has produced at least one statistical report.
Data source/ Agency	TGR/National Procurement Observatory/the Moroccan Public Procurement Portal
Verification Entity	IGF
Procedure	The IGF will review the regulatory text creating the Observatory and the TGR report defining the National Procurement Observatory processes, governance and resources, as well as a procurement statistic report to show the observatory is operational.
DLI 4.3	Six (6) statistical reports of the national procurement observatory have been published.
Description	The National Procurement Observatory have published at least 6 periodic statistical report on public procurement system performance.
Data source/ Agency	TGR/National Procurement Observatory/the Moroccan Public Procurement Portal
Verification Entity	IGF
Procedure	The IGF verifies that the Observatory statistical reports on public procurement performance are available online on the TGR website.
DLI 5	Improving tax compliance and performance of the tax administration
Description	The DGI adopts a multi-year action plan to improve tax compliance (DLR 5.1). A tax fraud and compliance risk management analysis unit is created in the DGI and operational with a clear mandate, adequate human and financial resources including appointment of unit's head and related steering committee, data centralization procedures enabling analysis of the diversity of tax fraud and compliance risks (e.g. informal sectors, transfer pricing, etc.), and a three-year business plan (DLR 5.2) A Tax Compliance Risk Management Committee, which gather the relevant stakeholders within the DGI to review the tax compliance risk analysis reports and take operational decision, is operational, with clear mandate and minutes of at least one meeting (DLR 5.3). Each meeting of the committee monitors both the implementation of its decision to improve tax compliance and mitigate risks, as well as tax compliance risks analysis findings and recommendations. DLR 5.4 reward the taking decisions for actions based on risks identified by the tax compliance risk unit.



Data source/ Agency	Official documents of MEF, DGI.
Verification Entity	GF
Procedure	The IGF (i) reviews the copy of the action plan adopted by the DGI; (ii) reviews the DGI report describing the tax compliance risks analysis terms of reference, steering committee, resource and staffing, and first report produced, (iii) reviews the decision creating the national tax compliance committee and the first committee meeting minutes; (iv) assesses the extent to which tax compliance unit's proposed actions have been subject to official decisions for actions by the tax compliance committee since its creation.
DLI 5.1	The MEF has adopted a multi-year action plan to improve tax compliance, under terms of reference as set forth in the POM.
Description	The DGI adopts a multi-year action plan to improve tax compliance.
Data source/ Agency	Official documents of MEFRA, DGI.
Verification Entity	IGF
Procedure	The IGF reviews the copy of the action plan adopted by the DGI.
DLI 5.2	A national tax compliance management and risk analysis unit in the MEF is created and operational.
Description	A tax fraud and compliance risk management analysis unit is created in the DGI and operational with a clear mandate, adequate human and financial resources including appointment of unit's head and related steering committee, data centralization procedures enabling analysis of the diversity of tax fraud and compliance risks (e.g. informal sectors, transfer pricing, etc.), and a three-year business plan.
Data source/ Agency	Official documents of MEF, DGI.
Verification Entity	IGF
Procedure	The IGF reviews the DGI report describing the tax compliance risks analysis terms of reference, steering committee, resource and staffing, and first report produced.



DLI 5.3	A tax compliance risk management committee is operational.
Description	A Tax Compliance Risk Management Committee, which gathers the relevant stakeholders within the DGI to review the tax compliance risk analysis reports and take operational decision, is operational, with clear mandate and minutes of at least one meeting.
Data source/ Agency	Official documents of MEF, DGI.
Verification Entity	IGF
Procedure	The IGF reviews the decision creating the national tax compliance committee and the first committee meeting minutes.
DLI 5.4	Based on the actions proposed by the national tax compliance management and risk analysis unit by March 31, 2024, 60% of the actions proposed have been subject to decision for action.
Description	Each meeting of the committee monitors both the implementation of its decision to improve tax compliance and mitigate risks, as well as tax compliance risks analysis findings and recommendation. DLR 5.4 reward the DGI taking decisions for actions based on risks identified by the tax compliance risk unit.
Data source/ Agency	Official documents of MEF, DGI.
Verification Entity	IGF
Procedure	The IGF assesses the extent to which tax compliance unit's proposed actions have been subject to official decisions for actions.
DLI 6	Increasing revenue of municipalities
Description	The instruction relating to the application of the provisions of Law 47-06 revised by Law 07-20 on local taxation is published (DLR 6.1). The Interfacing functions of GIR-CT with local systems (DLR 6.2) should enable municipalities to manage the entire chain of operations of local tax and fees, from tax base identification and management to collection and tax recovery operations. Largest municipalities are the municipalities listed in the 2015 decree 15-6374 listing urban municipalities Electronic declaration and payments system for municipal taxes is operational and used in at least the 10 of the large municipalities (DLR 6.3) The new governance framework, i.e. the implementation of the instruction on local taxation (Law 07-20) is effective in all municipalities marking the end of the transition period for state-managed local taxes. This Ministerial Decrees will introduce the gradual change and end of transition period for the governance framework for state-managed local taxes (TH, TSC and TP, or the future economic tax and estate tax that will replace them) as stipulated in the



	article 6 of the law 07-20 to all municipalities
Data source/ Agency	TGR/DGCT/DGI
Verification Entity	IGF
Procedure	IGF verifies that instruction related to local taxation is published, (ii) assesses whether the GIR-CT system is interfaced with local systems and implemented in municipalities; (iii) assesses the implementation of electronic reporting and electronic payment systems in municipalities; (iv) verifies the ministerial decree implementing the new governance framework for state-managed local taxes (DLR 6.4) covering municipalities in all regions have been published and implemented in all municipalities.
DLI 6.1	The Borrower's has published an arrêté implementing article 6 of Law 07-20 on local taxation management.
Description	The arrêté relating to the application of the provisions of Law 47-06 revised by Law 07-20 on local taxation management is published.
Data source/ Agency	TGR/DGCT
Verification Entity	IGF
Procedure	IGF verifies that arrêté related to local taxation is published.
DLI 6.2	Interfacing functions of the GIR-CT with local systems is implemented in at least 100 large Municipalities enabling these Municipalities to manage the entire local taxation chain of operations.
Description	The Interfacing functions of GIR-CT with local systems (DLR 6.2) should enable municipalities to manage the entire chain of operations of local tax and fees, from tax base identification and management to collection and tax recovery operations. Largest municipalities are defined as the municipalities listed in the 2015 decree 15-6374 listing urban municipalities.
Data source/ Agency	TGR/DGCT/DGI
Verification Entity	IGF
Procedure	IGF assesses whether the GIR-CT system is interfaced with local systems and implemented in municipalities.



DLI 6.3	The electronic declaration and payments system for municipal taxes is operational.
Description	Electronic declaration and payments system for municipal taxes is operational and used in at least the 10 of the large municipalities.
Data source/ Agency	TGR/DGCT/DGI
Verification Entity	IGF
Procedure	IGF assesses the implementation of electronic reporting and electronic payment systems in municipalities.
DLI 6.4	The new governance framework mandated by article 6 of Law No. 07-20 is operational in 400 Municipalities.
Description	The new governance framework, i.e. the implementation of the instruction on local taxation (Law 07-20) is effective in 400 municipalities, marking the end of the transition period for state-managed local taxes. These Ministerial Decrees will introduce the gradual change and end of transition period for the governance framework for state-managed local taxes (TH, TSC and TP, or the future economic tax and estate tax that will replace them) as stipulated in the article 6 of the law 07-20 to all relevant municipalities. About 460 municipalities are potentially concerned by those taxes and the DLR targets 400.
Data source/ Agency	TGR/DGCT/DGI
Verification Entity	IGF
Procedure	IGF verifies the ministerial decree implementing the new governance framework for state-managed local taxes covering municipalities in all regions have been published and implemented. IGF attests, through an audit, that the new governance framework is applied in municipalities.
DLI 7	Improving data exchange and interoperability of information systems
Description	The Government Council (conseil de gouvernement) adopts the law on electronic administration (No. 41-19) and submit it to Parliament for adoption (7.1) A General Interoperability Framework developed by ADD clarifies the norms, rules and technical standards required by users to interface with the national interoperability platform and is adopted (7.2). The application of the national interoperability platform is operational (7.3). The regulatory texts implementing the law 41-19 regarding interoperability have elaborated and submitted by MTNRA to General Secretariat of Government (7.4) The list of administrative procedures prioritized for digitalization in conformity with Law 55-19 on the simplification of administrative formalities and procedures is validated by the National Commission (Commission Nationale) (7.5) The national



	interoperability platform and integrates at least eight new use cases for end-to-end digitalization of associated services (7.6) and leads to simplified administrative procedures (7.7) A platform user satisfaction survey (civil servants using the platform) regarding the interoperability platform is completed by ADD and lead to an action plan for improvement (7.8) An end-user satisfaction survey (businesses and citizens) regarding the digitization of priority services is completed by MTNRA (7.9)
Data source/ Agency	Official gazette, ADD, MTNRA.
Verification Entity	IGF
Procedure	The IGF verifies (i) the council of government adopted the law on digital administration (No. 41-19) and submitted to Parliament; (ii) the final General Interoperability Framework (CGI) have been adopted by ADD; (iii) the national interoperability platform is operational; (iv) the final versions of regulatory texts relating to interoperability have been submitted to SGG; (v) the National Commission on Administrative Procedures Simplification has validated the list of administrative procedures for simplification; (vi) the 12 new use cases are fully integrated in the national interoperability platform, (vii) the 12 use cases integrated through the interoperability platform led to simplified administrative procedures; (viii) ADD completed an user satisfaction survey on the interoperability platform; (ix) MTNRA completed at least one annual end user satisfaction survey (businesses and citizens) regarding the digitization of priority services
DLI 7.1	The Government Council has adopted and submitted to Parliament draft Law No. 41-19 on digital administration.
Description	The Government Council (conseil de gouvernement) adopts the law on digital administration (No. 41-19) and submits it to the Parliament.
Data source/ Agency	Official gazette, communication from head of ADD, communication from head of MTNRA.
Verification Entity	IGF
Procedure	The IGF verifies that the council of government adopted the law on digital administration (No. 41-19) and submitted to Parliament.
DLI 7.2	A general interoperability framework consolidating the norms, procedures and technical standards required for users to interface with the national interoperability platform, has been adopted.
Description	The ADD has developed a general interoperability framework consolidating the norms, procedures and technical standards required for users to interface with the national interoperability platform.
Data source/ Agency	ADD, MTNRA



Verification Entity	IGF
Procedure	The IGF verifies that the final General Interoperability Framework (CGI) have been adopted by ADD.
DLI 7.3	The national interoperability platform is operational.
Description	The application of the national interoperability platform is operational.
Data source/ Agency	Communication from head of ADD, communication from head of Ministry Delegate of Digital Transformation and Administrative Reform (MTNRA), and Official Gazette.
Verification Entity	
Procedure	IGF verifies the national interoperability platform is operational.
DLI 7.4	The regulatory acts implementing Law No. 41-19 on interoperability have been prepared and submitted to the Secrétariat Général du Gouvernement.
Description	The regulatory texts implementing the law 41-19 regarding interoperability have elaborated and submitted by MTNRA to General Secretariat of Government.
Data source/ Agency	MTNRA.
Verification Entity	IGF
Procedure	The IGF verifies the final versions of regulatory texts relating to interoperability have been submitted to SGG.
DLI 7.5	The list of administrative procedures prioritized for digitalization in conformity with Law No. 55-19 has been validated by the National Commission on Simplification of Administrative Procedures.
Description	The list of administrative procedures prioritized for digitalization in conformity with Law 55-19 on the simplification of administrative formalities and procedures is validated by the National Commission on Administrative Procedures Simplification.
Data source/ Agency	Official gazette, ADD, MTNRA.
Verification Entity	IGF
Procedure	IGF verifies that the National Commission on Administrative Procedures Simplification has validated the list of



	administrative procedures for simplification.
DLI 7.6	the ADD has integrated 12 use cases with the national interoperability platform for digitalization of associated services.
Description	The national interoperability platform integrates 12 new use cases for digitization of associated services.
Data source/ Agency	Communication from head of ADD
Verification Entity	IGF
Procedure	IGF verifies that the 12 new use cases are fully integrated in the national interoperability platform.
DLI 7.7	The integration of the 12 use cases on the interoperability platform has resulted in the simplification of administrative procedures.
Description	The 12 use cases integrated through the interoperability platform for digitization of associated services led to simplified administrative procedures.
Data source/ Agency	MTNRA
Verification Entity	IGF
Procedure	IGF verifies that the 12 use cases integrated through the interoperability platform led to simplified administrative procedures.
DLI 7.8	A public administration users satisfaction survey of the platform regarding the national interoperability platform has been completed by the ADD.
Description	A platform user satisfaction survey (civil servants using the platform) regarding the interoperability platform is completed by ADD.
Data source/ Agency	ADD
Verification Entity	IGF
Procedure	IGF verifies that ADD completed a user satisfaction survey on the interoperability platform.



DLI 7.9	One (1) end-users satisfaction survey among companies and citizens regarding the digitalization of priority service has been completed by the MTNRA.
Description	An end-user satisfaction survey (businesses and citizens) regarding the digitization of priority services is completed by MTNRA.
Data source/ Agency	MTNRA.
Verification Entity	IGF
Procedure	IGF verifies that MTNRA completed at least one annual end user satisfaction survey (businesses and citizens) regarding the digitization of priority services.
DLI 8	Improving the proactive disclosure of open government data
Description	<p>At least two consultation process between the COFIL and non-governmental actors were organized and used a participatory approach with actors from civil society, the academic sector, and the private sector to clarify the demand for and use of public data and to identify interventions to be implemented (8.1). COFIL is extended to actors identified in the ODRA and: (i) defines the norms and standards (and submits for review to CNDP, the data protection authority) for the processing and publication of data and metadata by the administrations on the open data platform, including that issues around personal data protection would be adequately captured in the development of the guidance/standards; and (ii) sets up and implement a monitoring and evaluation plan for the open data initiative (as a whole and for each administration).(8.2). DCOFIL legal working group develop a regulatory text to strengthen the legal framework for open data to support proactive disclosure and reuse of data, MTNRA reviews and validates, and the text is submitted to the Conseil de Gouvernement (8.3). ADD upgrade, actively manage and maintain the national open data portal (for users) with an interactive module to facilitate user participation in quality control and rapid feedback from the administration (8.4). The Steering Committee in coordination with the administrations, develops and complete a data inventory (comprehensive referencing of the datasets available at the level of each governmental structure) to identify the priority data sets for processing and publication according to the standards developed (8.5). ADD organizes at least 1 annual hackathon type event on open data to create a dynamic of government data reuse-use cases (8.6). This hackathon is organized around themes that would be decided by COFIL in consultation with the consultation (DLR 8.1). The Government platform data.gov.ma publishes in total 245 quality, updated, saved priority datasets free of charge with essential metadata in an open and reusable format and under the original and irrevocable terms of the ODbL (or linked to a sectoral data platform), i.e. an additional 100 datasets relative to a baseline of 145 (number of current datasets published on the platform). (8.7).</p>



Data source/ Agency	Official gazette, ADD, MTNRA
Verification Entity	IGF
Procedure	<p>IGF verifies that the minutes of the two public consultations organized by ADD to confirm 2 consultations meeting at least with civil society, academic and private sector were held.</p> <p>The IGF verifies that: the COPIL is enlarged to include the actors identified in the ODRA, the COPIL has developed the norms and standards for the processing and publication of data and metadata, the COPIL has sought the opinion of the CNDP on these norms and standards, and then the COPIL has validated these norms and standards.</p> <p>IGF verifies that the final regulatory text on the proactive publication of data validated by MTNRA have been submitted to the <i>Conseil de Gouvernement</i></p> <p>IGF verifies ADD integrated the interactivity interface on the national open data portal.</p> <p>IGF verifies that Open Data COPIL elaborated a Public administration data sets inventory and identifying the priority datasets subject to publication according to new standards.</p> <p>IGF verifies that ADD organized in an inclusive manner at least one hackaton event on the reuse of public sector data with adequate communication</p> <p>IGF verifies that the platform data.gov.ma publishes in total 245 quality, updated, saved priority datasets free of charge with essential metadata in an open and reusable format and under the original and irrevocable terms of the ODbL without modification.</p> <p>Definition of "open and reusable format": a standard machine-readable format that is open (e.g., .csv, .json, .xml files) and available for download in multiple formats, including bulk download and user selected downloads, such as via APIs.</p>
DLI 8.1	List of potential interventions to be implemented for open data is established by the Open Data Steering Committee in consultation with non-government stakeholders.
Description	At least two consultation process between the COPIL and non-governmental actors were organized and used a participatory approach with actors from civil society, the academic sector, and the private sector to clarify the demand for and use of public data and to identify interventions to be implemented.
Data source/ Agency	Official gazette, ADD, MTNRA
Verification Entity	iGF
Procedure	IGF verifies that the minutes of the two public consultations organized by ADD to confirm 2 consultations meeting at least with civil society, academic and private sector were held.



DLI 8.2	COFIL extended in line with ODRA; and COFIL has: (i) defined the norms and standards for the processing and publication of (meta)data; and (ii) adopted an M&E plan for the open data initiative.
Description	The COFIL's membership is extended to include actors identified in the ODRA and: COFIL has: (i) defined the norms and standards for the processing and publication of data and metadata by the public administration on the open data platform (including that issues around personal data protection would be adequately captured in the development of the guidance/standards); and (ii) adopted a monitoring and evaluation plan for the open data initiative (as a whole and for each administration).
Data source/ Agency	Official gazette, ADD, MTNRA
Verification Entity	IGF
Procedure	The IGF verifies that: the COFIL is enlarged to include the actors identified in the ODRA, the COFIL has developed the norms and standards for the processing and publication of data and metadata, the COFIL has sought the opinion of the CNDP on these norms and standards, and then the COFIL has validated these norms and standards.
DLI 8.3	The draft regulatory text on proactive disclosure under the Access to Information Law No. 31.13 has been validated by the MNTRA for its submission to the Council of Government.
Description	COFIL legal working group develop a regulatory text to strengthen the legal framework for open data to support proactive disclosure and reuse of data, MTNRA reviews and validates, and the text is submitted to the Conseil de Gouvernement.
Data source/ Agency	Official gazette, ADD, MTNRA
Verification Entity	IGF
Procedure	IGF verifies that the final regulatory text on the proactive publication of data validated by MTNRA have been submitted to the Conseil de Gouvernement.
DLI 8.4	The national open data portal is operational and include an interactive module to facilitate user participation in quality control and rapid feedback.
Description	ADD upgrade, actively manage and maintain the national open data portal (for users) with an interactive module to facilitate user participation in quality control and rapid feedback from the administration.
Data source/ Agency	ADD, MTNRA
Verification Entity	IGF



Procedure	IGF verifies ADD integrated the interactivity interface on the national open data portal.
DLI 8.5	A data inventory (incl. a referencing of data sets available in selected ministries and public entities) has been developed, and priority data sets for processing and publication have been identified.
Description	The COFIL in coordination with the administrations, elaborates a data inventory (referencing of the most important public datasets available as stated in the ODRA, Annexe B and identified during consultations of DLR 8.1 and 8.4) to identify the priority data sets for processing and publication according to the standards developed in DLR 8.2.
Data source/ Agency	Official gazette, communication from head of ADD, communication from head of MTNRA
Verification Entity	IGF
Procedure	IGF verifies that Open Data COFIL elaborated a Public administration data sets inventory and identifying the priority datasets subject to publication according to new standards.
DLI 8.6	At least one (1) annual hackathon-type event to promote public sector data use has been organized by the ADD.
Description	ADD organizes at least 1 annual hackathon type event on open data to create a dynamic of government data reuse-use cases. This hackathon is organized around themes that would be decided by COFIL in consultation with the stakeholders.
Data source/ Agency	Communication from head of ADD, communication from head of MTNRA
Verification Entity	IGF
Procedure	IGF verifies that ADD organized in an inclusive manner at least one hackaton event on the reuse of public sector data with adequate communication.
DLI 8.7	245 quality, updated, saved priority datasets published free of charge with essential metadata in open, reusable format on platform data-gov-ma (or linked to sectoral platform), from baseline of 145.
Description	In total 245 quality, updated, saved priority datasets free of charge with essential metadata in an open and reusable format and under the original and irrevocable terms of the ODbL (or linked to a sectoral data platform) are published on data.gov.ma, i.e. an additional 100 datasets relative to a baseline of 145 (number of current datasets published on the platform).
Data source/ Agency	ADD, MTNRA
Verification Entity	IGF



Procedure

IGF verifies that the platform data.gov.ma publishes in total 245 quality, updated, saved priority datasets free of charge with essential metadata in an open and reusable format and under the original and irrevocable terms of the ODbL without modification.

Definition of "open and reusable format": a standard machine-readable format that is open (e.g., .csv, .json, .xml files) and available for download in multiple formats, including bulk download and user selected downloads, such as via APIs.



ANNEX 3. TECHNICAL ASSESSMENT

Program Description

Government program and strategies

1. In recent years, Morocco has undertaken a series of strategic reform initiatives aimed at improving public financial governance, promoting efficient use of public resources and strengthening the performance of public administration through digital transformation. Five major reform initiatives are of particular importance in this regard:

- **Adoption of the LOF of 2015**, which establishes a new budget framework based on programs (with objectives and indicators) and laid the foundations for results-based public management, fostering greater accountability for public managers.
- **The design and the implementation of a National Plan for Digitization of Public Procurement**, which aims to modernize and strengthen the Moroccan public procurement system in order to improve its efficiency and increase the Value for Money of public contracts.
- **Modernization of the national tax administration as part of a strategic action plan covering the period from 2017 to 2021**, structured around three pillars: (a) becoming a fully digital service administration; (b) rationalizing tax management and professionalizing collection; and (c) strengthening tax control and compliance. This program will be updated in the light of the conclusions of the 2019 Third National Tax Conference, which called for a parallel effort to modernize the local tax system to operationalize the 2015 Regionalization Act. The guiding principles of this reform were the subject of a framework law that was promulgated on July 26, 2021 and will be deployed gradually over the period 2022-2026.
- **The continuation of the public administration reform process**, within the framework of the 2018-2021 PNRA, which aims to improve the quality of public services and simplify administrative processes around four main axes: organizational, managerial, digital, and ethical. In the wake of this plan, two important laws were passed: one for the simplification of administrative processes; the other one on digital administration.
- **The digital transformation of public administration.** This reform, which was part of the PNRA (2018-2021) and supported by the national digital strategy Plan Maroc Numérique 2020 (PMN 2020), has been renewed in 2020. The 2025 NOG recently adopted by the ADD) has a strong e-government component, which will be implemented over the next five years.

2. The government program is addressing three critical areas where the public sector needs to pursue its modernization efforts to ensure a quick recovery from the COVID-19 crisis: digital transformation of the administration, domestic revenue mobilization and efficiency of public expenditure.

PforR description

PDO and PDO indicators

3. The PDO is to improve the performance and transparency of government operations and service delivery.



The PDO indicators are:

- PDO 1: Share of performance indicators whose annual targets have been achieved;
- PDO 2: Share of gender-related indicators whose annual targets have been achieved;
- PDO 3: Increase in targeted additional revenue collected by the DGI;
- PDO 4: Increase in revenue from local taxes in the targeted municipalities;⁴⁵ and
- PDO 5: Increase in the share of fully digitalized public services.

RAs

4. ENNAJAA will support the three RAs of the government program. RA1 aligns with the theme of improving the quality and efficiency of public expenditure, RA2 falls under the theme of increasing the effectiveness of resource mobilization at national and local levels, while RA3 aligns with the government priority to utilize digitization to drive improvements of government functions and targeted public services. ENNAJAA is expected to deliver the following results after four years:

Table A3.1: Summary of Key Results Anticipated by the End of the Program.

RA 1	<i>Improving Efficiency of Public Expenditure</i>
	<ul style="list-style-type: none"> • Better use of public resources by linking budgets to results • Publication of ministerial PPs will improve transparency • Systematize public services and policies evaluation • Increased efficiency of the e-procurement system • Improved transparency of public procurement
RA 2	<i>Improving Public Revenue Management</i>
	<ul style="list-style-type: none"> • Improved compliance risk management • Increased revenue collection due to more effective controls and other compliance actions • Enhanced quality of the taxpayer file and improved data interoperability • Improved tax collection at local level and increased local revenue for municipalities • Improved governance framework for state - managed local taxes
RA 3	<i>Improving the Foundations of Digital Transformation Through Interoperability and Open Data</i>
	<ul style="list-style-type: none"> • More effective exchange of data across government through the national interoperability platform • Improved governance and management of data • Institutional culture of more proactive disclosure, (re)use, and transparency of public data • Administrative simplification and digitalization of public services enabled

5. The World Bank will support implementation through change management activities across the three RAs to achieve sustainability of results. Much of the reform effort supported by ENNAJAA calls for individual, team and organizational changes. Change management tools will be integrated across the RAs, including initiatives such as coalition building, individual coaching and rapid results initiative coaching.

Program Strategic Relevance and Technical Soundness

6. Although there has been a need for Morocco to improve public sector performance prior to the pandemic,

⁴⁵ This excludes loans and sales of assets. Also excluded are transfer revenues (CAS VAT).



this need has been exacerbated to ensure a vigorous post-crisis recovery. The pandemic reinforced the realization that an efficient administration is needed to respond effectively to an increased demand for public services. That requires well-performing government operations such as public financial management at both ends of the spectrum – revenue collection and spending management. The lockdowns have also caused stakeholders to realize the advantages of shifting to a fully digitalized administration providing accessible public services.

Technical soundness

Major sector challenges

7. Despite the reform ambition and strong momentum for improvements in public sector performance, previous government efforts have been impeded by structural constraints and have fallen short of expectations. Public administration has yet to bridge the gap between reforms largely focusing on the regulatory level and actual implementation, which is lagging. Key reforms of government functions, such as DRM, PFM, PIM, or public procurement are currently either being adapted at the regulatory level or are at the first stage of implementation. This is particularly true for the DRM agenda, and to a lesser extent the public procurement reform. Conversely, the government has made significant strides in operationalizing the LOF since 2015. The reform has been deployed between 2016 and 2020, and a second generation of PFM reforms could further improve its impact. On digitalization and public services, as pointed out by a 2019 COA assessment,⁴⁶ the various digital strategies have not met their objectives: only 23.27 percent of services have been fully digitalized⁴⁷ and the Open Data policy still needs to overcome several shortcomings.⁴⁸

8. The COVID-19 pandemic has increased the GOM's focus on addressing the implementation gap and improving the performance of the public sector by ensuring public spending efficiency and boosting digitalization. While the PNRA 2018-21 is coming to an end, the health and economic crisis sparked by the pandemic prompted the government to ramp up its endeavours to improve public spending efficiency, boost domestic revenue mobilization and digitalize its public services and government functions. Indeed, the drop in public revenue is putting at risk the capacity of the government to mobilize a safe level of domestic resources to finance an increasingly high level of public spending, required to offset the social impact of the crisis. Therefore, an optimized public sector management and improved public spending efficiency have been identified as key priorities in the 2021 budget law.

9. In addition, the pandemic and the subsequent boost in popular demand for digitalized services triggered by the lockdown and home-based work has caused the GOM to increase its focus on the digitalization of public services. Under the 2020-25 Digital Agency Strategy, the GOM is aiming at strengthening recent digitalization efforts by favoring the uptake of ICT tools to the benefit of the administration and the users of its services. This cross-cutting digital reform will positively affect overall government efficiency and administrations in charge of public spending efficiency and domestic revenue mobilization. It has already yielded very positive spin-offs on the DGI efforts to widen its tax base.⁴⁹ Digitalization of reengineered business processes can help ensure public spending efficiency and spur the performance of government functions in general and public service delivery in

⁴⁶ Evaluation des services publics en ligne, Cour des comptes, Maroc, 2019.

⁴⁷ <https://ereadiness.service-public.ma/>.

⁴⁸ Open Data Readiness Assessment and the 2019 COA assessment.

⁴⁹ Since 2015, the DGI has increased its tax base by 20 percent and its tax resources by 7 percent since 2017 (data gathered Conférence sur la digitalisation des finances publiques à Salé, février 2020).



particular.⁵⁰

Adequacy of Program structure

10. The ENNAJAA Program is at the center of the GOM's stated priorities to preserve the state's financial balance and strengthen the performance of public services. Taking into consideration the constraints weighing on public finances, accentuated by the COVID-19 crisis, ENNAJAA will support the GOM's efforts to control public expenditure, improve their efficiency, enhance the performance of the tax administration, and increase the level of revenue collected. The objective is to create the fiscal space needed to finance the country's economic and social development priorities. At the same time, ENNAJAA will support the GOM's efforts to give new impetus to the country's digital transformation, as a fundamental lever for improving the performance of public administration and the quality of public services. These synergies are shown in the graph below.

Figure A3.1: ENNAJAA Program



11. In terms of public expenditure, ENNAJAA will focus on consolidating the performance approach induced by the 2015 LOF. Its better implementation in practice will make it a real lever for more effective, efficient and transparent public management. ENNAJAA will also strengthen management control and dialogue within ministries, both at the central and local level. Support for the public procurement reform process is also an important component of the Program, given the weight of public procurement in public expenditure.

12. On the public revenue side, ENNAJAA will support GOM efforts to improve revenue management at both national and local level. The central thrust of the Program is to strengthen the use of technology to improve compliance and taxpayer services, combined with structural changes in the local taxation system to clarify institutional accountabilities and to simplify taxes. Improved data sharing (interoperability) will be a key performance driver of the national taxation system as well as for the coordination among institutions involved in the administration of the local taxation system (i.e., DGI, DGCT, TGR, and municipalities).

13. ENNAJAA will support the adoption of foundational enablers to support the digital transformation of government through promoting the interoperability of systems and data exchanges within the administration. In addition, by supporting the GOM's regulatory, institutional and technical efforts to increase access to open

⁵⁰ In 2017, the IMF showed how digitalization could reduce fraud and public embezzlement. digitization of payments within the public sector could save between 0.8 and 1.1 percent of GDP in developing countries. *Digital revolutions in public finance*, IMF, 2017.



government data for users within and outside of government, ENNAJAA will improve the proactive disclosure, reuse and transparency of data. It will therefore support the first “digital government” pillar of the 2020-2025 ADD’s NOG and more specifically its interoperability component, seen as a building block for a functioning government. It will focus on the roll out of the national interoperability platform to strengthen data exchange within the administration and enhance access to Open Data to favor reuse of relevant, quality data by the public administration and non-governmental stakeholders (private sector, civil society organizations, academia and individual users).

14. The design of this operation ensures complementarity with the ongoing support from other development partners. An overview of this support is provided the below table.

Table A3. Partner interventions.

Support Area	Partners
Support to Budget and Public Procurement Reforms	AfDB: TA on gender-based budgeting. AfDB: Procurement. EU and AfDB (with World Bank): Financial and technical assistance on budget reform measures (adoption of the Organic Budget Law in 2015), procurement, capacity building and trainings. EU: TA under preparation to strengthen the program-budget approach.
Support to Tax Reform	AfDB: TA on fiscal reform measures. EU: TA on Fiscal policy reform / twinning in favor of relevant directorates with French and Spanish counterparts, and public governance (quality of service, control, recovery). IMF: Policy dialogue on comprehensive tax reforms and its distributional effects. IMF-METAC: TADAT and Tax gap analysis (RA-GAP). OECD: TA on tax reforms in the following areas: (a) international standards on transparency; (b) information exchange; (c) Base-Erosion and Profit Shifting and revenue statistics; and (d) Tax Inspectors Without Borders Program. France: TA for capacity building and improved governance.
Support to the Digital Reform/e-Government/Open Government/Open Data	EU: TA to develop the master plan for the digital transformation of public administration. France/AfDB: TA supporting the “Government Gateway” and ADD (Strategic and organizational studies). OECD: (a) TA supporting the “Government Gateway”; and (b) TA on improving institutional public communication, Open Government, and reorganizing the middle and higher management framework. Spain: TA supporting the “Government Gateway.”

Description and Rationale for RAs

15. The technical design and focus of the Program draws on strong analytical evidence and targets the priorities imposed by the current crisis while linking them to much needed long-term reforms.

RA 1 Improving Efficiency of Public Expenditure

16. Morocco's public finances are the focus of GOM attention. While the country needs to continue investing to sustain economic growth and competitiveness, correct social and spatial inequalities, and meet growing demand for infrastructure, fiscal space is increasingly tight. The budget deficit averaged 4.7 percent over the past ten years and public debt reached 76.4 percent of GDP in 2020, compared with 49 percent in 2010. The COVID-19 crisis combined with the deficit recorded in 2020 exacerbated the country's public finance imbalances. They have resulted in an unprecedented economic recession (-6.3 percent in 2020), leading to a significant drop in tax revenues (-6.8 percent) and a widening of the budget deficit (-7.6 percent).



17. In this constrained context, efficiency of public expenditure is at the center of adequate public financial management. The country needs to place public finances on a more sustainable trajectory and create the fiscal space needed to fund economic and social development priorities. Achieving this objective depends fundamentally on greater control over public spending. The increasingly constrained context of public finances calls for better use of public resources, ensuring that public spending is usefully, efficiently, and transparently spent, to achieve the best value for money of public services.

18. International experiences show that improving the efficiency of public spending is heavily dependent on two elements. The first is the overall budget governance framework, which needs to be genuinely focused on performance and accountability, allowing to move from a resources-based culture towards a result-based culture to ensure that each public Dirham is usefully and efficiently spent, enabling public expenditure to effectively play its role as a fundamental lever of economic and social development. **The second is the technical and legal framework for public procurement management,** which needs to guarantee judicious, economic and efficient public procurement to ensure it is carried out in a fair, transparent and non-discriminatory manner. In these regards Morocco has undertaken major reforms and made significant progress, which will need to be consolidated and extended with the ENNAJAA support.

19. Morocco has undertaken a major reform of its fiscal management framework. It was enshrined in the new LOF, adopted in 2015 and implemented gradually from 2015 to 2020. The LOF establishes a new institutional and operational framework for budget governance, aimed at: promoting efficient allocation of resources, enhancing the efficiency of public spending, improving the transparency and reliability of public accounts, and deepening fiscal democracy. It introduced a new budgetary architecture based on public policy programs (with objectives and indicators) and laid the foundations for results-based public management. Moreover, the new LOF adopts rolling three-year management of public finances, aimed at promoting greater fiscal discipline and strengthening the coherence of sectoral policies with the sustainability objectives of the macroeconomic framework. Finally, the LOF has thoroughly renovated the state's accounting system, with the introduction of accrual-based accounting and cost accounting system designed to analyze the costs of different projects and actions taken under programs (not yet implemented).

20. Overall, significant progress has been made since the adoption of the LOF. The steps taken so far have set in motion a structural reform process that aims not only to transform budgetary procedures but also to thoroughly modernize public administration management methods. Starting in 2018, ministries have adopted performance-based management. They have been able to produce their PPs. In October 2020, the first Performance Report (*Rapport de Performance*) was presented to the Parliament, in support of the draft Budget Review Act (BRA, *Loi de règlement*) relating to the 2018 budget. This BRA was accompanied by a performance audit report (PAR) drawn up by the IGF.

21. However, translating the new budgeting approach into management practices needs acceleration. It has not been used to support the decision-making processes of public administrations, to inform budgetary choices and fuel debates on budget laws, nor to facilitate management dialogue between central administrations and their services at subnational level. Moreover, the performance approach only marginally integrates the notion of efficiency of public spending, despite budgetary constraints. This is particularly reflected through the limited number of objectives and indicators related to the efficiency of public services in the PPs, and through the delay in the implementation of the cost accounting system provided for in Article 31 of the LOF.

22. ENNAJAA will strengthen the budget-performance approach to overcome implementation constraints. The effective roll out of the LOF is key to enhance public spending efficiency and effectiveness, especially at times of



economic crises and drop in public revenue. While ENNAJAA does not entail the adoption of a formal and annual spending review mechanism,⁵¹ it will incentivize the effective implementation of the LOF. More precisely, ENNAJAA will prompt: (a) management control within the public administration; (b) favor the design and uptake of qualitative performance indicators in the PPs and ensure the monitoring of selected key performance indicators shared by ministries covered by the Program; (c) improve the accessible information on the government budget policy, including the already existing citizen’s budget; and (d) incentivize the adoption of a climate-sensitive budget.

23. ENNAJAA will spur management dialogue within selected ministries, both at the central and local level.

ENNAJAA will support the ongoing efforts to entrench, beyond the budget process, the LOF within the public administration, especially at the subnational level. Indeed, management dialogue has preceded the LOF framework. Several departments already enjoy a long-standing experience in management dialogue, mainly through performance agreements signed between local entities or a specific public agency and the central administration, within the same ministry. For instance, the ADII adopted its first performance agreements between the Head of the agency and regional branches in 2005 (*Contrats Objectifs Moyens - COM*).⁵² However, the adoption of such agreements has been largely uneven until the LOF further encouraged and structured in a unified framework their rollout. The new performance-based approach introduced by the LOF has rendered necessary a dialogue within ministries and between line ministries and the Budget Department to define performance indicators, outline multi-year budget programs and break them down into objectives to be achieved and monitored. Management dialogue et son pendant (merci de traduire) management control have therefore gained renewed importance. The Budget Department has published several manuals and guidance papers to help public managers better manage and monitor their performance, including a Guide on Management Dialogue and Operational Management (*Guide du dialogue de gestion et du pilotage opérationnels*). To further buttress management dialogue, the Budget Department intends to adopt a Management Charter (as a ministerial decree) to clarify the roles played by the different actors involved in the budget process and the related performance-based management approach, spur management dialogue between the central and local level and embed management control within the public administration. ENNAJAA will monitor the adoption of this Charter and its implementation within selected key ministries.

24. ENNAJAA will incentivize the implementation of a CPER as an important tool to implement the performance approach in the process of enhanced regionalization.

The CPER of the Fes-Meknes region includes 84 projects and programs with a total value of MAD11.192 million. The strategic objectives of the CPER in this region are grouped around 4 major axes that will be supported by ENNAJAA. In addition to some “soft” projects and programs, overall, the CPER includes large construction projects in Fes-Meknes in health, education, jobs, culture, tourism and economic promotion. However, all 40 CPER projects and programs presenting major environmental and social risks were excluded from the expenditure framework of the ENNAJAA program supported by the World Bank. This results in 44 CPER projects that remain included as they do not require the completion of a non-eligible activity to achieve its contribution to the PDO or any specific DLI.⁵³ They revolve around the following types of activities:

- Axis 1: Improvement of the economic attractiveness of the region’s territorial areas include projects and

⁵¹ During the discussions, the government stressed the constrained economic situation due to the COVID-19 pandemic to exclude a formal spending review tool, especially as the government has already been producing a demanding effort to reduce operating expenses. Besides, the IGF is already publishing annual performance audit reports. For these reasons, the government deemed unnecessary, for now, to include a formal annual spending review tool.

⁵² Revue Maliya.

⁵³ For details see the Environmental and Social Systems Analysis carried out for this PforR.



programs such as: (a) construction of an exhibition park; (b) development of a regional transport master plan; and (c) development of a regional management information system.

- Axis 2: Support for productive sectors, promotion of employment and scientific research. This Axis focuses on: (a) the construction and equipment of storage and conditioning unit at Agropolis in some cities of the region; (b) creation of training institute in water, sanitation and environment sectors; (c) support program for job creation and (d) construction of university and polydisciplinary faculty.
- Axis 3: Reduction of social deficits and territorial disparities and inequalities. Under this Axis, the region through the implementation of some projects and program such as: (a) construction and equipment of provincial hospital; (b) preschool generalization program in the region; (c) urban upgrade program and development of emerging centers; and (d) sports equipment programs, aims at implementing measures that provide equal opportunities and access to services delivered to all citizen of the region.
- Axis 4: Enhancement of culture, tourism and protection of natural resources. The main projects and programs implemented under this Axis include: (a) the development of nature and cultural tourism program; (b) construction of the cultural poles of Fes specifically the Institute of fine arts; music conservatory, cultural center and grand theater of Fes; and (c) flood protection program.

25. ENNAJAA will help improving and streamlining the PPs performance indicators. Only a limited, well-designed, and informative (both for the Parliament and public managers) set of indicators can efficiently monitor the performance of the public administration and the achievement of public policy goals.⁵⁴ While the limited number of indicators is key, their qualitative improvement is of as much importance. Indicators need to be well-designed, simple, informative, and documented. As explained in the Performance Guide prepared by the Budget Department, they will inform on: (a) the efficiency of the budget program, to reassure taxpayers on how its taxes are being used; (b) the quality of the service that benefit public service users; and (c) the socio-economic efficiency of budget programs, to help citizens monitor the roll out of public policies. The ENNAJAA Program will incentivize the right balance between these 3 categories of indicators, in particular efficiency indicators⁵⁵, and the uptake of simple and qualitative performance indicators, including a set of homogeneous, prioritized, and uniformed indicators shared by ministries covered by ENNAJAA, especially with respect to Support and Steering Budget Programs⁵⁶. Therefore, ENNAJAA will therefore stimulate the government's efforts, and more specifically the Budget Department, in bringing about a new generation of improved indicators in the PPs. To this regard, it will monitor the adoption and the implementation of an upcoming ministerial decree⁵⁷ setting the qualitative standards that indicators would meet.

26. ENNAJAA includes the adoption of a global and synthetized PP to outline the key objectives and indicators of ministries and improve budget transparency. While the Budget Department has made available online an annual Performance Report⁵⁸ translating the key achievements of the various Budget Programs, it has yet to synthetize and gather within one comprehensive Performance Project the key objectives and performance indicators of the existing PPs. Such an annual global PP would focus only on key objectives and performance indicators. Hence, it will capture a comprehensive picture of the main public policy goals for the fiscal year and how they translate into tangible indicators. Such a report would significantly help inform citizens on how the

⁵⁴ The 128 pages of 2020 Budget Department inventory of performance indicators⁵⁴ illustrate well the burdensome and complex set of indicators that public managers monitor. Some ministries deal with more than 100 indicators.



public administration plans to translate the government program into specific projects. It will add up to the existing and rich budget literature available online and help strengthen citizen engagement with respect to public policy and budget issues. As such, it will help translating the 2019-2024 CPF budget Governance and Citizen Engagement foundation.

27. ENNAJAA will incentivize the adoption of a climate-sensitive budget. Similarly to the ongoing efforts made since 2002 to adopt Gender Responsive Budgeting, with the support of UN Women and the French Development Agency, the Budget Department has showed a strong interest in adopting a Climate Responsive Budget or climate sensitive budget. A climate responsive budget is considered of paramount importance especially to the chronic drought the Kingdom is facing and the desertification threat in the long term. Moreover, the adoption of a climate responsive budget is aligned with the commitments of the government under the 2015 Paris Climate agreement and its Nationally Determined Contributions (NDC). A potential upcoming PEFA climate and/or a Country Climate and Development Report with a governance component would analytically help the government in its efforts.

28. The technical and legal framework for public procurement management has become a policy priority since beginning of 2000. Public procurement represents a substantial portion of GOM spending and corresponds to about 19 percent of GDP in 2018 (almost MAD 200 billion). 41,233 government contracts were awarded in 2018: 97 percent through open tendering. Public procurement accounts for 70 percent of the business of construction firms and 80 percent of the business of engineering firms. The GOM has therefore embarked on an ambitious public procurement reform agenda involving a multi-faceted set of legal, institutional and digital aspects. These reforms aimed at modernizing and strengthening the public procurement system with an increased focus on building a well-functioning electronic procurement system to achieve efficiency in public spending, reduce administration costs and increases efficiency. Since then, several key advancements have been made: (a) the launch of the online portal in 2007; (b) the launch of the procurement database in 2009; (c) the definition of a National Plan for Dematerialization of Public Procurement in 2010/2011; (d) the introduction of electronic submissions and e-reverse auctions in 2015; and (e) the roll-out of e-tendering in 2017. However, the system still displays a significant gap as: (a) it does not currently have the capability to collect or analyze big data or generate data in an open and standard format (there are very basic reporting capabilities); and (b) some resistance has been observed to sharing data. Indeed, as flagged by the latest ODRA and the COA Report on the implementation of Morocco's e-Gov strategy, procurement data are not accessible, and Morocco is ranked 15th out of 100 by the Open Data Barometer with regards to procurement data openness.

29. Lack of procurement data can be addressed through the implementation of the OCDS in the existing e-procurement system. By upgrading the existing E-Government Procurement (e-GP) system to account for OCDS, e-GP will become more transparent and also facilitate business intelligence, analysis and data sharing. That focus on the openness of procurement data can promote transparency. Transparency significantly enhances citizen trust, and the increased level of trust attracts new bidders to participate in the public procurement process and increase opportunities for businesses, especially for SMEs, thus encouraging competition and improving value for money, integrity, fairness and performance of public contracts.

30. The DLi4 "improving the efficiency of public procurement through data production and analysis" aims to increase efficiency and value for money in the GOM spending through implementation of OCDS in the existing e-procurement system. The impact will be: (a) increased, bidders, citizens and users' access to procurement data and (b) increased opportunities for businesses, especially for SMEs, and the fiscal impact will be reduction in the transaction costs of procurement and the final costs of procurable items. This objective will be achieved through the following steps to be implemented by the General Treasury of the Kingdom:

- Implementation of an OMP;



- Publication and standardization of essential procurement data; and
- Implementation of pilot OCDS.

RA 2: Improving Public Revenue Management

31. There is consensus emerging in Morocco about the need for comprehensive tax reforms at national and local level. The overarching theme of the 2019 quinquennial Tax Conference organized by the GOM to set the course for tax reforms was equity in recognition of the significant horizontal and vertical inequalities that exist in the taxation system. The decentralized nature of the taxation system requires reforms to address performance constraints in both the national and local taxation systems. The central thrust of this Program is to strengthen the use of digital approaches and technologies to improve compliance and taxpayer services, combined with structural changes in the local taxation system to clarify institutional accountabilities and to simplify taxes. Improved data sharing (interoperability) will be a key performance driver of the national taxation system as well as for the coordination among institutions involved in the administration of the local taxation system (i.e., DGI, TGR, and municipalities).

32. Improved revenue management is needed to reduce fiscal risks, non-compliance, and inequality. Morocco collects 26.2 percent of GDP (2019) in taxes (IMF, 2020),⁵⁹ which compares well with other countries in MENA, but is relatively low for a middle-income country and insufficient to service debts and finance investments in infrastructure and public services. Also, many municipalities – especially among the large cities – lack the local revenue sources necessary to invest in infrastructure and finance public services that are needed to drive growth. Due to the pandemic, tax collections have declined sharply while expenditures have increased. This is resulting in a hike in public debts, to 76.4 percent of GDP in 2020 and 78.9 percent in 2022 according to World Bank estimates. In addition to the fiscal pressures, the taxation system is characterized by significant non-compliance, with a VAT compliance gap estimated at 4.4 percent in 2017, according to the IMF.⁶⁰ Inequity was one of the central themes of the 2019 Tax Conference, where DGI noted that a mere 0.06 percent of companies remit 50 percent of the corporate income tax, 55 percent of employees do not pay tax, and employees of just 126 companies contribute half of all personal income tax.

33. Digitalization is a core element of DGI's Strategic Action Plan.⁶¹ The 2017-2021 Strategic Action Plan identifies priorities for the modernization of DGI, notably: (a) becoming a fully digital service administration; (b) rationalizing tax management and professionalizing collection; and (c) strengthening tax control and compliance. DGI has made impressive strides in its digital transformation journey as noted in the Tax Administration Diagnostic Assessment Tool (TADAT) Assessment (October 2018), with further opportunities for improving data quality and risk management. The Information Management Strategy (*Stratégie de la DGI en Matière de Gestion de l'Information*, February 2021) defines data as a valuable asset to assist DGI in carrying out its mission. The strategy covers data gathering, processing, and use of data in risk management and control activities. It sets goals for digitalization of specific data sets, acquisition of third-party data, data quality, and arrears management.

34. There are opportunities for addressing pain points in the compliance risk management function. Compliance risk management is the most critical component in determining which risks should be treated. DGI has already taken several important steps towards the digitalization of the taxation system that will serve as an important foundation. Improvements in compliance risk management will require that the binding constraints

⁵⁹ Amélioration des Fonctions de L'Administration Fiscale, Patrick De Mets, Vincent de Paul Koukpaizan, Stoyan Markov, Tiina Tamm, and Adil Soussi Nachit, IMF, February 2020.

⁶⁰ *Ibid.*

⁶¹ DGI is the national body responsible for tax administration.



outlined below be addressed:

- **Compliance risk management.** Compliance risk management is dispersed across a number of DGI's departments, with no unit being responsible for establishing, maintaining, and overseeing the development of the compliance risk management process across taxpayer segments and tax types. DGI is embarking on the development of a comprehensive compliance improvement plan and has requested World Bank assistance in its design. This will provide an opportunity to promote the development of an integrated risk picture, strengthen the governance over the risk assurance process, and sharpen risk-based performance management. A centralized risk management unit analysis will be incentivized by ENNAJAA to render more efficient tax compliance actions.
- **Third-party data.** Third-party data plays a critical role in promoting tax compliance (*OECD, 2006*). Empirical evidence shows that compliance tends to be significantly lower where there is no independent, third-party data to verify reported incomes.⁶² This is typically the case among self-employed individuals (and the informal sector), which represent a large segment of the Moroccan economy. Third-party data is also essential in the provision of certain taxpayer services, e.g., pre-filled tax returns. DGI has access to a wide variety of third-party datasets, including from the customs agency (ADII), banks, social security administration (CNSS), and some utility companies. However, the ability to maximize the use of third-party data is constrained by a number of factors: (i) lack or incomplete access to some data sets (e.g., commercial banks); (ii) key datasets are not updated automatically – only on request or with some regularity; and (iii) absence of mechanisms – or a standard platform – for obtaining metadata about fields and contents of received datasets and for addressing any quality issues in the source data.
- **Quality of the taxpayer file.** Reliable taxpayer data is necessary to assess tax liabilities and compliance risks as well as to process the taxpayment and ultimately collect the revenues. Like other tax administrations, DGI is striving to make the taxpayer file more reliable by registering unregistered taxpayers, improving the quality of information collected and eliminating inactive taxpayers. Data cleaning efforts will focus on the most critical datasets as far from all data is equally important.
- **Risk analytics.** Analytics are instrumental in assessing risks at the segment and taxpayer level in order to identify systemic issues that warrant agency-wide action, prioritize actions vis-à-vis certain taxpayer groups, and inform the opening of audit and control cases on individual taxpayers. DGI does not undertake regular gap assessments across the major taxes, like for example Mexico, and would benefit from consolidating its environmental and segment related risk scans. The recent creation of the Data Lab is a positive step towards the establishment of a central capability to undertake and innovate data analytics. The Lab's success and ultimately its institutionalization will depend on its ability to: (a) forge strong relations with the operational units; (b) bridge the professional and skills divide between data scientists and tax professionals; (c) hire and retain qualified data scientists; (d) adopt and adapt international best practices; and (e) establish a learning loop where human intelligence and lessons from the application of risk analytics inform the design of new risk products.
- **Risk management.** The *raison d'être* of compliance risk management is to improve the decisions about which risks treating and how. Further efforts will be warranted to: (a) integrate a risk-based approach in

⁶² Tax gap estimates for the United States show that “For the individual income tax, reporting compliance is far higher when income items are subject to information reporting and even higher when also subject to withholding...: income amounts subject to substantial information reporting and withholding is 1 percent; for income amounts subject to substantial information reporting but not withholding... is 5 percent; and for income amounts subject to little or no information reporting, such as nonfarm proprietor income... is 55 percent (*IRS, 2019*).



planning and resource allocation decisions; (b) improve the understanding of risk-based approaches across DGI's operational units; (c) monitor risks over time and across taxpayer segments; and (d) expand the range of risk treatment options to include non-control related actions such as taxpayer services and communications.

35. Another revenue mobilization challenge relates to local taxes that form a critical part of municipal governments' financing. State transfers, mainly from CAS TVA, are the major source of financing of municipalities in rural areas (74 percent of total expenditures) and remain also an important source of financing for municipalities in the urban sector (41 percent), albeit at a much lower share among the ten largest cities (20 percent). For these cities, the effective administration of revenues they themselves mobilize is therefore of critical importance as it represents 80 percent of their revenues.⁶³ However, local tax collection suffers from a range of inefficiencies. The locally mobilized revenues of the ten largest municipalities are managed at two levels:

- *Locally managed.* Several taxes and charges representing 38 percent of total revenues are directly administered by local tax administrations within the municipalities. The management of these taxes exhibit several weaknesses: (a) procedures are poorly defined; (b) resources, both material and personnel, are insufficient for the tasks at hand; and (c) personnel are inadequately motivated.
- *Centrally managed.* Three taxes (*taxe sur les services communaux*, TSC; *taxe d'habitation*, TH; and *taxe professionnelle*, TP) representing 42 percent of total revenues are managed by two large State administrations on behalf of the municipalities: the DGI (responsible for establishing the tax base) and the TGR (responsible for collection). This sharing of tasks between the two State administrations has proven to be challenging.

36. The considerable local tax gap impacts investments in public infrastructure and services. Studies⁶⁴ show that the ratio between the revenue actually collected by the municipalities and the potential of fiscal resources is in the order of 1:3 to 1:4. The magnitude of the gap is considerable and significantly limits the ability to provide public services to private residents and businesses. A study⁶⁵ carried out for the DGCL (*Direction générale des collectivités locales*) in 2009 and updated in 2017 showed that urban municipalities should increase seven-fold their investments to reach the standards of cities in developed countries. The investment shortfall reflects the fiscal constraints, notably the fact that gross savings (i.e., the difference between ordinary income and expenditure) among the ten largest cities finance 73 percent of all investments, yet do not exceed 13 percent of the total income. A doubling of the ten largest cities' tax and parafiscal revenues would increase gross savings more than six-fold and provide space for investments, which could be further expanded through borrowing. At the same time, the local revenue shortfall has adverse fiscal and social impacts at both the local and the national level. First, it contributes to a perception of inequity, especially among those who comply with their tax obligations. Second, the low investments by large cities with a high population density amplify social imbalances, exacerbate pollution, damage public health, and ultimately harm the development of the local and – because of they are the country's growth engine – the national economy. Third, TVA CAS funds are diverted from supporting the poorer municipalities to helping finance investment gaps in the large cities, reducing the government's ability to reduce regional differences. Boosting the revenue of the largest municipalities is therefore a national priority.

⁶³ The data concerning the ten most populated municipalities include Casablanca, Fès, Tangier, Marrakech, Salé, Rabat, Meknes, Oujda, Kenitra, Agadir and is from 2017.

⁶⁴ In particular the detailed study carried out in 2008 for the Wilaya of Casablanca. (Etude d'optimisation du potentiel fiscal de la Ville de Casablanca, 2008, CRICI-PLC).

⁶⁵ Étude d'évaluation des besoins d'investissement des communes urbaines du Maroc, 2009, updated in 2017.



37. Recent efforts demonstrate the need for deeper reforms. Audits and assessments undertaken by the COA,⁶⁶ the Economic, Social, and Environmental Council (CESE),⁶⁷ and others evidence the weak management of municipal taxes. Several efforts undertaken in the past to address these shortcomings failed to produce the expected results, including: (a) Law 47-06 aimed at simplifying and clarifying the municipalities' tax administration; (b) mechanism to improve the coordination between the DGI and the TGR in the management of the TSC, TH, and TP; (c) acquired data from water and electricity distribution companies to complete the tax rolls; and (d) computerization and census efforts aimed at taxes and other receipts directly administered by the municipalities. The lesson from these individual efforts is that a more holistic reform of local taxes and their governance is required.

38. The government is committed to a comprehensive reform of local taxes. A recent study⁶⁸ commissioned by DGCL, based on very broad consultations with local elected officials, representatives of the business community, accountants, and tax professionals has given impetus to the reform efforts, notably the simplification of local taxes and streamlining of institutional roles:

- *Simplification of local taxes.* Recent amendments provided by Law 07-20 to Law 47-06 facilitates the digitalization and simplification of the declaration and payment of several local taxes. The 2019 Tax Conference also committed to: (a) changing the TSC and TH from being based on largely fictitious rental values to market values; and (b) replacing the TP by an economic tax based on a simpler concept such as gross operating surplus. A framework law on this matter is currently under preparation.
- *Streamlining of institutional roles.* Amendments provided by Law 07-20 to Article 167 of Law 47-06 designates DGI as the sole competent authority for the TP and TGR as the sole competent authority on TSC and TH. This measure, which involves numerous technical provisions, needs to quickly come into force, by decision of the Minister of Finance who is responsible for the two major administrations.

39. The TGR, a major partner of local authorities, would impart new momentum to the resources of the municipalities. The TGR enjoys several advantages, independently of the new responsibilities that the law has just conferred on it. It has a very dense territorial establishment, it keeps the accounts of the municipalities, it is responsible for the collection of all their revenues (with the only exception to come of the professional tax). In recent years, the TGR has been illustrated by the establishment and extension of the features of the integrated management system for the expenditure of local authorities (GID-CT) and of the integrated management system of revenues (GIR-CT). In this way, the TGR has demonstrated both its capabilities in terms of designing and deploying information systems at the national level, as well as its proximity and its commitment to the municipalities. The complete management of TSC and TH constitutes an important challenge but commensurate with TGR. These two taxes represent 57 percent of the product of the three major taxes in the first ten municipalities of the Kingdom. Their development therefore constitutes the main opportunity for boosting municipal tax revenues. This challenge will prepare that of the implementation of the Property Tax based on the market value, which will replace the TSC and the TH.

40. The DGI has also an important role to play in boosting the revenues. Firstly, pending the complete separation of roles between TGR and DGI provided for by law 07-20, the DGI continues to manage the base of TSC, TP and TH and can resolutely improve the inventory of taxable land and real estate. The DGI's Geographic Information

⁶⁶ COA of May 2015 on local taxation and that of 2019 on local finances.

⁶⁷ Rapport 09/2012 du CESE sur le système fiscal au Maroc, conférence du CESE sur la fiscalité locale en 2017, rapport de diagnostic sur la fiscalité locale, 2016, Cabinet Michel Bouvier.

⁶⁸ « Réforme de la fiscalité locale au Maroc », septembre 2018, cabinet Michel Bouvier et « Note sur le développement des ressources financières des communes du secteur urbain au Maroc », Banque Mondiale, avril 2019.



System project based on data exchange with distribution authorities and the cadaster agency (ANCFCC) will be key to enhance TSC, TH and TP revenues and improve identification of taxpayers, as illustrated by a 2019 experiment in the Agdal neighborhood of Rabat. When the new law 07-20, comes fully in force, the DGI will be in charge of the end-to-end management of the TP, from the tax base identification to the tax collection and recovery function. The DGI will then have all the means to boost the income from this tax. Improving local domestic revenue will be instrumental to the development of the main cities of the Kingdom and will help them bridge their financing gap, with respect to infrastructure and urban equipment. Strengthening their public finance of these cities and enhancing their attractiveness through better services and urban amenities will significantly contribute to the country's economic development.

41. Therefore, the proposed Program and the DLIs 5 and 6 will incentivize better revenue mobilization at the national and local levels:

42. DLI5 “improving tax compliance and performance of the tax administration” aims to improve tax compliance. The DLI aims at the national level to improve taxpayer compliance and revenue collection through support to more effective compliance risk management. The Program focuses on: (i) the effectuation of an integrated Tax Compliance Improvement Plan; (ii) strengthened data quality as regards the taxpayer file; and (iii) improved usage of third-party data. It will also support data governance and the DGI *Data Management Action Plan*.

43. DLI6 “increasing resources of municipalities” aims at increasing revenue mobilization by the 10 largest municipalities. Local taxation reform will focus on realigning institutional mandates and simplifying taxes in furtherance of Law 07/20 for this purpose. This includes the signing of the ministerial decrees (MEF) ending the transitional regime (stated by Article 6 of the 07 20 law) for sharing the management of the base and the recovery between the DGI and the TGR to entrust TGR the full responsibilities for administering TSC and TH and DGI the full responsibilities for administering TP. It also includes establishing and making available to municipalities new GIR CT features integrating the entire chain of operations (from tax base identification and management to collection and tax recovery operations) relating to taxes and fees managed by the municipalities. It further includes establishing electronic payment and electronic declaration instruments for the local Taxes the TGR and DGI manage, according to the new law 07.20. (Article 3). In addition, a new Geographic Information System for tax purposes will be developed by the DGI. This GIS would make it possible to better identify taxable assets, along with their characteristics and taxpayers.

RA 3: *Improving the foundations of digital transformation through interoperability and Open Data*

44. At present, Morocco’s efforts to support the digitalization of the public sector and improve the quality-of-service delivery is hampered by its ability to provide even access to simplified and mature e-services. This is reflected in its position in the UN’s E-Government Development Index (EGDI), where Morocco fell from 85th in 2016 to 110 in 2018, improving slightly relative to peers in 2020 at 106th place. Its scores are based on the country’s performance in the Online Service Index (OSI) sub-indicator. Despite recent progress and efforts, Morocco is still lagging with respect to digitalization of back-end administrative processes and public services. The previous strategy “Maroc Numérique 2013” was well conceptualized but lacked a strong implementation structure, which led in 2017 to the creation of the ADD to centralize operational efforts with respects to digital government and in 2020 to the adoption of the ADD’s 2025 NOG.

45. Data interoperability is a foundational enabler to supporting the transition to data-driven government, enabling public sector entities to combine or link data sources to leverage new insights and identify trends, as well as to improve the efficiency of e-service delivery. It is therefore a critical prerequisite to enable the better



use of administrative and statistical data for decision-making and service delivery, as well as helping to promote openness and transparency and supporting innovation through data sharing and opening data access to end users within and outside government. Effectively implementing interoperability requires developing a coherent and sequenced framework to address reforms at the: (a) strategy; (b) legal/regulatory; (c) technical; and (d) organizational levels, where the analog aspects are often more challenging to implement than the technical dimensions of interoperability. At the same time, these innovations in data sharing and use need to be complemented with the appropriate safeguards to ensure data that is collected, processed and used, alone or in combination with other datasets, is secured and all personally identifiable information is adequately protected.

46. The GOM recognizes the importance of interoperability and Open Data to support its objectives to improve the efficiency and quality of its government operations and service delivery. Both interoperability and Open Data have been identified as strategic priorities in key government programs orienting the GOM's digital transformation agenda: the Administrative Reform Plan 2018-2021⁶⁹ and the 2025 ADD's NOG.⁷⁰ The GOM's commitment to adopting GovTech reforms is clear from its adoption of a law on the simplification of administrative procedures⁷¹ and a draft law on e-administration, as well as earmarking funds for digitalization of government services under the 2021 Budget Law. It is also a priority identified in the NDM to improve trust between the State and citizens through digital transformation.

47. Based on lessons learned about the limitations of previous reform efforts under the earlier digital transformation strategy,⁷² the GOM has made efforts in recent years to achieve integrated service delivery and better publication and reuse of public sector data thanks to interoperability and Open Data reforms. While the GOM had in 2013 adopted a CGI and put in place an interoperability platform, the lack of a clear governance structure mandating the use of this technical infrastructure and the adoption of harmonized standards for data processing and use has led public sector entities to exchange data bilaterally on the basis of Memoranda of Understanding and duplicate data collection and processing efforts, impacting the GOM's ability to effectively harness and scale digital and user-centric.

48. Similarly, while the GOM is a signatory to the Open Government Partnership (OGP), was the first African country to create a national Open Data platform in 2011,⁷³ and the 2018 Access to Information Law⁷⁴ requires the proactive disclosure of public sector data, the availability and usage of Open Data has been limited. According to the ODRA⁷⁵ and other indicators, the limited quantity of data published, as well as the uneven coverage and disaggregation, relevance, periodicity and openness of the data and metadata published on the current Open Data platform has not achieved its full impact.⁷⁶ While Morocco was a regional leader in 2015 in

⁶⁹ *Plan de la Réforme de l'Administration 2018-2021*. Implementation led by MEF until government change following the 2021 elections, now to be pursued by MTNRA.

⁷⁰ Note d'Orientation Générales pour le développement du Digital à l'horizon 2025.

⁷¹ Loi 55-19 sur la simplification des procédures administratives. See loi 54.19 on public services charter.

⁷² Plan Maroc Numérique 2013.

⁷³ The platform was subsequently updated in 2014. data.gov.ma.

⁷⁴ Law No.31-13 on the Right to Access to Information was adopted in 2018 and entered into force in March 2020.

⁷⁵ World Bank, 2020.

⁷⁶ Coverage and openness are two of the main sub-indicators used by the Open Data Watch's Open Data Inventory (ODIN) to assess countries' progress on the openness of official statistics that are relevant to economic, social and environmental development. For data from Morocco (2015), see <https://odin.opendatawatch.com/Data/Download>. It is important to note that the ODIN methodology does not include administrative data or data produced by other public sector entities. It therefore only shows a partial picture of Morocco's performance in Open Data.



terms of the openness⁷⁷ and coverage⁷⁸ of its national statistics (according to the Open Data Watch's Open Data Inventory [ODIN]), scoring 65/100 overall (72 on openness and 57 on coverage), this performance is uneven across sectors. For example, gender statistics received scores of 40 percent in terms of coverage and 60 percent in terms of openness), and environment data received a score of 57 and 74 percent for openness and coverage respectively (with pollution data only 25 percent open despite scoring 90 percent in terms of coverage). When looking at access to a broader set of open government data than official statistics, Morocco performs less well. Under the Global Open Data Index, Morocco was ranked as 26 percent open overall in 2015. While the country scored 100 percent on location datasets, procurement tender data was only 45 percent open, government budget data was 10 percent open, with limited data on environment/emissions and the weather.⁷⁹ These types of data are key to evidence-based policymaking, environmental disaster resilience and mitigation, and transparency of key sectors.

49. Additionally, while some datasets facilitate reuse by being published in a standard, non-proprietary and machine readable and downloadable format (e.g., .csv instead of .xlsx), several key datasets are published in less accessible or usable formats, such as PDF, word (.docx) documents or PowerPoint format (.pptx).⁸⁰ Other bottlenecks to uptake and usage include an uneven adoption or modification of the terms of the Open Data Commons Open Database License (OdbL) that promotes data reuse by certain public sector entities publishing data.⁸¹ Overall, Morocco's ability to leverage open datasets for value creation and usage has been limited by a lack of harmonization in the development and implementation of technical standards for data classification, processing, and publication amongst entities, except for certain entities with the technical capacity and budgetary resources.⁸² The GOM's efforts to develop harmonized standards, mandate their use and to anchor efforts to support proactive disclosure of public sector data across the Whole-of-Government has been limited by the lack of an enabling legal and regulatory environment for Open Data. In parallel, organizational and institutional bottlenecks have affected the implementation of Open Data reforms: the lack of high-level political leadership around Open Data until 2021 was in part affected by the positioning of ADD under the Ministry of Industry, Trade, and the Green and Digital Economy (MICEVN). This has reduced both its visibility and the coordinated implementation of the GOM's Open Data policy initiatives.⁸³ Finally, as noted by the CESE in 2013, challenges to support access to and use of open data are based in structural and cultural challenges around data transparency and disclosure [...].⁸⁴ These challenges are common to both data interoperability and Open Data use. They are a priority area for reform.

50. The lessons learned from these challenges have led the GOM to strengthen the policy and legal/regulatory frameworks and governance arrangements that are needed for the effective implementation of digitization of public service delivery and GovTech reforms. The MTNRA is leading on the policy and legal/regulatory agenda, including the development of the Law on the Simplification of Administrative Procedures, the draft Law on E-

⁷⁷ According to the ODIN methodology, openness scores are based on whether data can be downloaded in machine-readable and non-proprietary formats, are accompanied by metadata and whether download options exist such as bulk download and user-selection or APIs, and have an open terms of use or data license.

⁷⁸ ODIN coverage scores are based on the availability of key indicators and appropriate disaggregations over time and for geographic subdivisions.

⁷⁹ The latest data available under the Global Open Data Index for Morocco is from 2015. <http://2015.index.okfn.org/place/morocco/>.

⁸⁰ <http://www.data.gov.ma/data/fr/dataset>.

⁸¹ E.g. by removing or modifying the non-revocability provision in the license, that reduces its predictability and therefore impact. For a more detailed analysis see ODRA (2020).

⁸² These include the MEF, Bank Al Maghrib, and others.

⁸³ See analysis from ODRA (2020).

⁸⁴ <http://www.cese.ma/media/2020/10/Avis-du-CESE-Open-data.pdf>.



Administration, and the relevant implementing decrees needed to provide an enabling regulatory framework to support interoperability and Open Data. The ADD, the primary “owner” of the overall digital transformation agenda, is accountable for designing and implementing the technical dimensions of interoperability and Open Data. The agency has committed to put in place a modernized interoperability infrastructure⁸⁵ by 2020 and develop a revised technical interoperability framework. To support “quick wins” that will catalyze adoption efforts, the ADD has chosen to adopt a “use case” approach, prioritizing collaboration with public sector entities leading high impact programs and with relatively mature Information Systems and processes.⁸⁶

51. To support the Open Data agenda, the GOM’s 2018-2020 Action Plan,⁸⁷ led by the MEFRA (now: MEF), Haut Commissariat au Plan (HCP), and other key stakeholders within and outside government, included commitments to: (a) support the creation of a national data strategy and a multistakeholder coordinating committee to identify and prepare priority datasets for publication based on defined standards; (b) developing guidance on these standards and processes and training data officers within public sector entities to support implementation at the working level; and (c) communicating and raising awareness of the benefits of Open Data.⁸⁸ Nevertheless, ongoing challenges, such as institutional fragmentation and divided mandates have affected coordination between the strategic/policy and the technical interoperability agendas.⁸⁹

52. In addition, the ADD has made efforts to support the effective implementation of the Open Data agenda at the technical level. As the central coordinating body at the strategy level, it is supported by the Open Government Steering Committee (COFIL) that includes several key players in Open Data,⁹⁰ who have been working in tandem in thematic groups on this agenda for several years. The Program will support its extension to other key actors of the Open Data agenda identified in the ODRA, such as the MI and the National Archives. ADD has also established an informal network of contact points within most public-sector directorates and ICT departments to support technical implementation and communication.⁹¹ At the working level, the GOM has successfully instituted several horizontal networks to support data collection, such as the one led by the HCP. In addition, the GOM has instituted a series of financial⁹² and technical mechanisms to support resourcing and capacity building across the public sector and incentivized the development of “islands of excellence” around Open Data within entities.

53. The focus of RA3 is to support the GOM in adopting – in a coordinated and logically sequenced manner – foundational strategic, legal/regulatory, technical and organizational building blocks of a data interoperability and reuse framework that will enable better public sector performance for service delivery in priority sectors.

⁸⁵ An interoperability platform based on APIs and “web services”, to mitigate the need to upgrade entities’ Information Systems.

⁸⁶ These four use cases selected by the ADD include (1) social programs (Tayssir, Daam and Minhati), (2) the Unified Social Registry Program (Ministry of Interior), (3) the MASSAR program and (4) programs with OMPIC and the MIC.

⁸⁷ <https://www.opengovpartnership.org/members/morocco/commitments/MO0004/>.

⁸⁸ <https://www.opengovpartnership.org/members/morocco/commitments/MO0004/>.

⁸⁹ According to the OECD’s 2018 Digital Government Review of Morocco, “implementation efforts have yet to translate into the widespread emergence of a digital and open culture in government. Moroccan public institutions often cite legal and regulatory hurdles as well as the administrative tradition of hierarchy and secrecy as the most important obstacles to cultural change.” See <https://www.oecd-ilibrary.org/docserver/9789264298729-en.pdf?expires=1613699672&id=id&accname=ocid195787&checksum=FCA8E42FBAE617FFF928C60C87621E1B>.

⁹⁰ HCP, MEF, MTNRA, ANRT, ADD and MIC, Bank Al Maghrib (BAM), the MI, the Ministry of Transport, the Ministry of Health, the Ministry of National Education (and other departments of the ministry), the National Observatory of the Human Development.

⁹¹ ODRA, June 2020.

⁹² Financing tools have been earmarked to support the modernization of the public sector, and to support universal telecommunications services. These funds are managed by ADD, the telecommunications regulatory agency, ANRT, and the DRA. These entities are also providing technical assistance to two further initiatives supporting entrepreneurship and innovation, including the Digital Factory and Soft-Center. These programs serve broader administrative reform objectives but include programs to support Open Data. See ODRA 2020.



Given uncertainties around the GOM's legislative calendar, due to elections and challenges linked to the country's COVID-19 response, the approach proposed takes into account the need to sequence reforms pragmatically and capitalize on "quick wins," starting with the prioritized use cases identified by the ADD with the addition of the DGI and TGR, whose strategic programs ENNAJAA is supporting under RAs 1 and 2.

54. The proposed Program and the DLIs 7 and 8 will incentivize increased interoperability and Open Data.

55. DLI7 aims to create the foundations to support the GOM's digital transformation through the adoption of interoperability infrastructure and legal and regulatory frameworks. The DLI7 will support activities that put in place the technical aspects of interoperability through the establishment of a secure and operational national interoperability platform that will permit public sector entities to exchange data for service delivery or core government operations, evidenced by the integration of at least 12 data exchange "use cases" by 2024. The development of an updated General Interoperability Framework will support entities in interfacing with and using the platform to exchange data. At the same time, the DLI7 will support the adoption of the enabling policy, legal and regulatory framework needed to anchor interoperability within the GOM's broader digital transformation strategy and enforce adoption of common infrastructure, standards and processes. Both the framework and platform will be designed to ensure viability and functionality under circumstances, such as natural disasters, to ensure swift and comprehensive responses by public sector stakeholders. Specifically, the Government Council will adopt the law on electronic administration, and the MTNRA in coordination with the ADD will elaborate the relevant implementing decrees on interoperability.

56. DLI8 supports the adoption of robust governance and practices around the management and publication of open government data to promote a culture of proactive data disclosure, (re)use and transparency within and outside government. Building on the findings of the ODRA undertaken with World Bank support in 2020 (Support to Digital Transformation in Morocco ASA, P169007) and priorities jointly identified by the GOM and civil society in its OGP National Action Plan (2018-2020), the DLI8 aims to support the GOM in moving beyond merely increasing open access to data and instead invest in user-centric data prioritization, management and publication standards to ensure data published by the GOM is relevant, up to date, accessible and of sufficient quality to meet end-users' needs and incentivize usage. Among the data to be published will be data on climate risk (e.g., grouped by risk, region, sector or any other aggregation that may be of value to the public or stakeholders) as well as data on climate policy and relevant interventions. To support this, the DLI8 targets the legal/regulatory, institutional, and technical challenges identified as bottlenecks to more effective publication and (re)use of existing open government data. To improve inter-agency coordination across key actors in the Open Data agenda and support the elaboration of harmonized data management standards, prioritization criteria for publication of open datasets that respond to user needs within and outside government, the Program will support the expansion of the COPIL led by the ADD to additional key government actors identified by the ODRA and the broadening of the COPIL's mandate to include developing standards, training programs and M&E frameworks to measure impact. Additionally, the Program will support the formalization of biannual consultation mechanisms with civil society, the private sector and academia and the organization of at least one hackathon-type event per year to create use cases and demand for the reuse of public sector data based on themes or topics identified by end-users.

58. As with DLI8, the Program also seeks to incentivize the adoption of the technical and legal enablers to improve access to relevant, up to date, safeguarded and quality datasets and a culture of proactive disclosure across the whole-of-government. To support this, the Program will support the COPIL in undertaking a data inventory to identify existing datasets that could be prioritized for processing and publication according to standards that support data reuse, including ensuring that priority data is published in a timely manner, using



standard, machine readable formats, and documented with the appropriate metadata, alongside a license that supports reuse (the GOM has adopted an ODbL). Ensuring data is structured around common identifiers can enable them to be interoperable so they can be linked or combined for more precise or advanced insights. So that the published data is easily accessible, the Program will also support the ADD in updating and actively managing the national Open Data portal, including by integrating an interactive interface to facilitate user engagement, feedback, and participation in the quality assurance process. Measurable intermediate results for this DLI will include the number of user feedback or requests received through the Open Data platform that are addressed by the ADD and the increased in the number of datasets published according to the above criteria on the Open Data platform. While the focus of the current operation is on putting in place the foundations to improve access to Open Data and adopt a culture of proactive disclosure of data, given the GOM's current levels of maturity in this area, the longer-term focus would be on measuring usage. The inclusion of activities supporting qualitative aspects of the data being published are designed to support the GOM in moving towards this target downstream.

Program Economic Evaluation

59. The Program is expected to improve, over the long-term, the efficiency and transparency of public procurement, increase tax compliance and reduce transaction costs overall within the public administration through extensive digitalization of processes. This Project does not introduce new government programs, but rather aims at supporting the implementation of regulations that have already been approved.

60. ENNAJAA's support on public procurement is anticipated to generate economic benefits. Public procurement accounts for about 19 percent of GDP in Morocco. Large volumes of public money spent combined with high levels of complexity and considerable discretion in project design and implementation together confer a significant risk of corruption to public contracting worldwide. E-procurement reforms have been introduced in several countries to tackle those risks, including in Morocco. They can help broaden access for bidders⁹³ and thus increase competition⁹⁴ and enable better supervision. Under the ENNAJAA Program, the TGR commits to the publication and standardization of essential procurement data, which can potentially reduce information asymmetry and prices by attracting more participants. Moreover, the establishment of an OMP will produce and publish strategic data analysis of procurement data can generate significant savings. Micro-level analysis of procurement information can identify opportunities for savings and efficiency gains. In one country of similar size vis a vis Morocco (GDP), savings of the order of US\$7-15 billion have been identified by analyzing product-level procurement data over 4 years for goods and services.

61. Economic benefits are also expected under the support to the implementation of program budgeting. The PforR will support the definition of agencies' strategies and the improvement of indicators used to track performance. An analysis of the existing PPs notes that there is an excessive number of indicators per agency, several of which are not relevant and/or not aligned to the agencies' overall objective(s). The PforR will support the analysis and reformulation of the PPs of 10 ministries and ministerial departments, in order to assess the relevance and coherence of the objectives and indicators and ensure that they are linked to the strategies to which they relate. It is expected that the upgraded PPs will contain efficiency indicators, which are currently not prominent. Improvements in the quality of PPs are also expected to function as a building block for subsequent improvements in the tools and functions of the program budgeting system.

62. Improved DRM through the ENNAJAA Program will also generate economic benefits. The main objective of

⁹³ Lewis-Faupel, Neggers, Olken, & Pande, 2014.

⁹⁴ Coviello & Mariniello, 2014.



the PforR in this area is to strengthen the use of technology and data analysis to improve compliance. DGI will both strengthen enforcement action – audits and other efforts are expected to increase revenue collection by 10 percent per year - and other measures to increase voluntary compliance. The Program will lay the foundation for further increasing the use of technology in the Moroccan tax administration and, in the longer-term, potentially to the establishment and expansion of scalable platforms such as e-invoicing, which have helped curb tax evasion and increase revenues in other countries (e.g. Brazil). Improved data sharing (interoperability) will be a key performance driver of the national taxation system as well as for the coordination among institutions involved in the administration of the local taxation system (i.e., DGI, TGR, and municipalities).

63. Economic benefits will also be created by the ENNAJAA Program support for the creation of the building blocks of a digital government. Increased interoperability with data exchanges among GOM agencies and service integration have the potential to improve service delivery in several sectors in the long term, thus reducing transaction costs in the economy. Potential gains include the simplification of business registrations and licensing including environmental (reducing informality), simplifying the delivery of social services, improving the registration and record-keeping of health and educational data, among others. As such, in the long-term the private sector will directly benefit from lower transaction costs in dealing with the government. In the short-term, it can benefit from new business opportunities. The policy, institutional and technological reforms foreseen under the operation could foster the creation of new economic activities: systems integration and interoperability, network administration, application development and a range of job opportunities that can emerge from deepening of the Open Data agenda, such as the growth of data analytics enterprises and the use of Open Data for commercial purposes and building investor confidence.

Evaluation of Technical Risk

64. Risks associated with the technical design of the Program are *high and remain substantial after mitigation*. The Program integrates reforms of high technical complexity and introduces a set of new digital solutions. Moreover, its successful implementation requires data sharing in an environment where this is not a common practice. Also, the technical design is multi-sectoral, which risks to negatively affect the quality of cooperation and coordination between stakeholders. ENNAJAA is relying on strategies owned and implemented by various ministries and one agency, increasing the challenge to build much needed synergies. Moreover, each of these strategies has its own strengths and weaknesses. The Morocco digital reform agenda is fragmented and ambitious with several goals to be achieved within a limited timeframe. It also suffers from the lack of clarity of the roles and responsibilities of relevant stakeholders resulting in an imperfect accountability framework; an unclear implementation strategy; poor communication and dissemination of reform objectives and achievements; and a weak monitoring and evaluation framework. In terms of institutional arrangements, the main risks lie within the number of stakeholders involved. This increases complexity and the uneven capacities of implementing Ministries and Agencies may limit their ability and potentially willingness to work together.

65. Risk mitigation. Some of the risks related to sector strategies and policies will be addressed by other Bank-financed operations, such as, ongoing and forthcoming development policy financing (DPF) to tackle policy and institutional challenges; technical assistance, including with the ADD, and with the introduction of collaborative leadership tools to help government identify priorities, seek support to reform priorities; and focus on results. The PforR therefore supports multi-stakeholder engagement for structured dialogue, more effective communication across ministries and agencies, and consensus-building around key results. Risks will also be mitigated by the MEF's convening power, a ministry that has established a track record of implementing multi-sector operations by successfully leading the HAKAMA DPF series. The MEF is also perceived as a trusted partner by government stakeholders, donors and the World Bank. Complementary technical assistance will contribute



addressing capacity constraints of implementing ministries and agencies. The residual risk remains, however, substantial and may impact the quality of implementation.

66. Based on the technical, fiduciary, and environment and social assessments, a Program Action Plan has been developed. Details are in Annex 6.



ANNEX 4. FIDUCIARY SYSTEMS ASSESSMENT

1. The World Bank conducted an IFSA, consistent with Bank Policy and Bank Directive: “Program-for-Results Financing” and in accordance with the World Bank Guidance Notes for “Program-for-Results Financing.

2. 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.

3. Data collection and methodology. The IFSA was carried out by the World Bank staff that included Financial Management and Procurement Specialists. The assessment was conducted based on: (a) the knowledge of the financial management and procurement systems in Morocco, (b) the national PEFA report completed in 2017, (c) the fiduciary data made available by the MEF (DAAG, DB, DGI, TGR, DAGG, and ADII), the DRA, the MI-DGCT (the Fes-Meknes region); and the ADD, (d) the analysis of quantitative and qualitative fiduciary data from the participating entities; and (e) various reports issued by the oversight bodies 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*], CNCP, and COA and IGF audit reports of annual financial statements of operations implemented in these sectors.

4. Based on the Program boundaries and expenditure framework, the IFSA covered MEF (DAAG, DB, DGI, TGR, DAGG, ADI), DRA, ADD, and MI-DGCT (Fes-Meknes region) substantially involved in the coordination of the Program and implementation of its RAs. The overall implementation and supervision of this Program will be under the responsibility of the MEF, through the establishment of a Program Management Unit (PMU) at the DAAG. Except the DB and the DAGG of the MEF and the DGCT of the MI, involved in several Bank-financed operations,⁹⁵ the remaining participating directorates and entities have no specific past experiences in implementing Bank-funded operations. The last supervision missions of the two operations managed by the MI conducted in February 2021, rated the FM and procurement performance and risk respectively satisfactory and substantial. For the operations managed by the MEF, the ongoing COVID-19 Social Protection Emergency Response Project (P172809) has substantial fiduciary risk. Fiduciary performance and risk ratings of the Support New Governance Framework Project (P143979) were rated satisfactory and moderate respectively at closing date.

5. The Program will finance approximately 72 percent of the GOM’s supported Program expenditures (US\$624.7 million) for Morocco: The government program is formalized through the aggregation of various ministerial programs of the 2020-22 program-based budget. The World Bank reviewed the government program and ten (10) subprograms extracted from the General budget of the State (P115; P116; P117; P118; P124; P130; P140; P429;), following the performance-based nomenclature set by the 2015 LOF and reflected in the PPs of the MEF, the DRA, and the ADD, responsible for the digital transformation agenda, and the MI. This latter oversees transfers to regions through the Special Fund *related to the product of the tax shares allocated to regions*” (Code 3.1.0.0.1.08.006). It is included in the budget of the MI and partially generated from the income from Corporate Tax (IS) and Income Tax (IR) which are allocated to them by the State in accordance with the provisions of Law n° 47-96 relating to the organization of the regions.

6. Specifically, the Program will be financed over four years (2022–25) for a total of US\$624.7 million, including

⁹⁵ Morocco COVID-19 Social Protection Emergency Response Project (P172809), Morocco Support New Governance Framework (P143979), Identity and Targeting for Social Protection Project (P155198), and Municipal Performance Program (P168147).



an IBRD loan of US\$450 million. The Program expenditures under these three results areas can be grouped under three main procurement categories as follows: works (29 percent), equipment and goods (16 percent), and services (55 percent). The procurement of works will consist of rehabilitation and construction of some buildings, such as cultural centers and libraries. Regarding equipment and goods category, it will consist of the purchase of ICT equipment and hardware, including the software. Finally, services category is consisting of the purchase of software maintenance services, trainings, organization of fairs, communication, and support to research and innovation in the digital sector.

Table A4.1: PEF by procurement category (MAD million, US\$ million, rounded)

RA	Works	Goods	Service	Annual (Million MAD)	Annual (US\$ million)	Total (US\$ million)
RA 1 Improve Efficiency of Public Expenditure	361	149	552	1,061	119	475
	34%	14%	52%			
RA 2 Improving Public Revenue Management	25	58	123	208	23	93
	12%	28%	59%			
RA 3 Improving the foundations of digital transformation through interoperability and Open Data	4	26	98	128	14	57
	3%	20%	77%			
Total	29%	16%	55%	1396.2	156	625

Legal and Institutional PFM Framework in Morocco

7. The legal and institutional 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. Morocco’s compliance with rules and regulations and existing accountability arrangements provides an adequate framework for the use of public funds, and PFM is considered broadly transparent.

8. Specifically, the Organic Law No. 130-13 relating to the Finance Laws (OLFL) (*Loi organique relative aux lois de finances*) promulgated on June 2, 2015, introduced the three-year budget program (*Programme Budgétaire Triennal*) in its Article 5⁹⁶ and the program budgeting, which uses statements of missions, goals, and objectives to explain how the money is spent. Overall, the planning and budgeting of all central entities involved in the program follow a structured, timely, and disciplined process, which is consistent with the country’s Public Finance Management (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).

9. Organic law N.111-14 relating to regions (*Loi organique relative aux régions*), adopted in June 2015, introduced the principle of administrative and financial autonomy, enabling shared competences between the State and the regions on the basis of the principles of progressiveness and differentiation. The budget programming is planned at the level of the region, through the formulation of a CPER fixed for 6 years and an

⁹⁶ Article 5 describes that the "the annual budget 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."



assessment of its resources and related provisional expenditure is made in the first three years. The CPER is funded through the Region's own contribution; the Special Fund for transfers to regions managed by the MIDGCT; and partners. However, delays in multiyear planning process are known at the level of the Fes-Meknes region (delayed budget planning of the 2016-21 CPER was approved only in 2020). Less than 1 percent of the CPER expenditure is spent following the approval of the CPER in 2020. To address this weakness in planning, actions and technical assistance are included in the PAP to ensure that financial commitments agreed between the State, the region, and other partners are timely planned and implemented.

10. The ENNAJAA 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 PPD No. 2-12-349 du 8 Joumada I 1434 (March 20, 2013). The PPD is largely based on international standards (open competition, fairness; transparency; efficiency (as per Article 1 of the decree)). It applies to works, goods and services financed entirely by the public sector (the State, State-Owned Enterprises [SOEs], or Local Government, while other SOEs 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

Sustainability, Structure, Adequacy, Effectiveness and Credibility of Budgets

Alignment of the budget with government priorities, classification, sustainability, and predictability of expenditures are assessed as adequate.

11. Fiscal sustainability: Implications of the fiscal context on the PforR. Despite a tightening fiscal space, Morocco's overall medium-term fiscal outlook is adequate to ensure the sustainability of the Program. In 2020, the COVID-19 pandemic increased fiscal deficit and public debt to 7.6 percent and 76.4 percent of GDP, respectively. The pandemic crisis will most probably have a lasting impact, with growth only returning to the pre-pandemic trend by 2022. The costly economic, social and financial measures swiftly taken by the government to offset its negative economic impact are expected to reduce the government's financial margin. However, over the medium and long-term, economic performance is expected to improve enabled by sound fiscal and monetary policies, more consistent sector strategies, and an improved investment environment, all of which are aimed at supporting gradual competitiveness gains. 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.

12. The overall costs of the supported Program including the portion financed by the World Bank are expected to be integrated into the budget laws 2022-2025. Planning and budgeting related to this Program will follow the national procedures. Based on budget instructions/circulars, the teams of the various implementing entities under the responsibility of the DAF of each participating entity will prepare the budget of the Program considering the limits of allocations set by the Government and the Program. The consolidated budget of the Program will be integrated in the budget of line ministries. The total amount allocated to the Program during FY2022-25 according to the operation document would be reflected in the 2022-25 budget Laws.

13. Program financial sustainability. The Program's activities contained in the expenditure framework meet the directions set by the GOM and the regional authorities. The Program budget structure is clear in terms of sources of funding, budgetary vehicles, and categories of expenditures.

14. The sustainability of participating entities' expenditure framework is ensured by the existence of several



tools. First, the Medium-Term Expenditure Framework (MTEF, or Triennial Budget Programming (*Programmation Budgétaire Triennale – PBT*)) developed in the context of the Public Finance Act. The current MTEF/PBT covers the period from 2021-2023 and is annually updated through the Finance Act. Second, a new multi-year program approach, deployed since 2019 with support of the MEF, complements the MTEF/PBT. Third, the annual performance plan endorsed by Parliament which describes the key programs, the associated budget and performance indicators. Fourth the annual performance report which summarizes the results achieved and the budget executed for a given year. The Program is well included and articulated with the above-mentioned tools.

15. Despite the sustainability of the funding of the supported sub-programs as shown above, the negative impact of the COVID-19 pandemic remains a challenge for the Program:

- Over the past four years, **MEF's investment budget** has acquired a degree of stability until 2020, registering a decrease of average 50 percent because of the impact of the COVID-19 pandemic crisis. However, operating and staff budgets have known a slight increase of respectively, 5 percent and 20 percent during the same period. **For involved departments/directorates from the MEF (ADII, DAAG, DB, DGI, and TGR),** they had their annual financial resources decreased as well by an average of 50 percent in 2020 and 2021, with a respective average investment budget of US\$2.4 million, US\$0.6 million, US\$3.95 million, US\$5.1 million, US\$1.46 million, and US\$1.3 million.
- **Similarly, DRA** had its annual financial resources decreased by 50 percent in 2020 and 2021, with an average investment budget of US\$1.45 million during these last two years.
- **ADD** received a stable investment budget during 2018-19, with an average allocation of US\$5.5 million. However, the 2020 financial year resulted in a 40 percent reduction in the Agency's own investments, i.e a total decrease in the investment budget of 8 percent compared to the initial budget planned for the same year. As for the operating budget, it has seen a reduction of 20 percent compared with the budget initially planned for the same year.

16. Less impact on the regions' budget was registered, underlying the GOM's commitment to support the advanced regionalization implementation agenda:

- **The Special Fund related to the product of the tax shares allocated to the regions.** Use of the Special Fund, created in 2015, will support the implementation of DLIs 1, 2, and 4 for improving Efficiency of Public Expenditure and enhancing regionalization. The SF's budget structure is aligned with the General Budget of the State which is conformed with the international *budget classification* (COFOG) as confirmed by last PEFA report (rated A⁹⁷). The Special Fund's budget composition has been stable over the last four years and includes 54.7 percent incomes from corporate tax (*Impôt sur les Sociétés - IS*) and Income Tax (*Impôts sur le Revenu - IR*), 7 percent from insurance contracts taxes, 38.3 percent from the General Budget of the State. The budget allocation increased from US\$701 million in 2018 to US\$1 billion in 2020.
- **Fes-Meknes Region** has a signed State-region contract program (*Contrat Programme Etat Region [CPER] 2016-21*); which was lately approved by the MEF in 2020. The CPER covers 6 years for implementation of regional development programs and projects that will be programmed and carried out by the region. The overall CPER's budget with eligible projects is US\$351.6 million. 2021 budget is down by 6.7 percent compared to the 2020 budget. Though slightly impacted by the COVID-19 pandemic crisis, the region's budget remains robust.

17. Overall, the GOM's budget cuts initially occurred through revision of the 2020 budget law, which mainly impacted the investment budgets of MEF. With the COVID-19 health crisis, MEF invited public administration to

⁹⁷ A being the highest score.



rationalize their expenditures. Cuts specifically relate to category of works (*construction and development works*) to minimize pressure on the State budget. This may have limited impact on the implementation of the PEF. The Program budget lines are strongly anchored in the State Budget and prioritized by the GOM.

- The Program objectives are focusing on public sector digital development, improvement of performance and **transparency** of data-driven core government operations and service delivery.
- Draft budget law for 2022 has more optimistic budget planning forecasts, for instance the MEF's investment budget will increase by 15.7 percent with additional US\$2 million, totaling a budget forecast of US\$12.6 million instead of US\$10.7 million in 2021.
- The sustainability of the Program Expenditure Framework (PEF) is ensured as its budget is prepared through a multi-year program approach which increases managerial accountability and offers better predictability and transparency in public management. The Program has no issues in terms of sustainability.

18. Funding predictability. Overall, as per the 2017 PEFA, the predictability of the GOM's expenditures is robust with the indicator on predictability rated as A with timely release of the budget's appropriations to the budget holders. The expenditures of the Program are already planned as part of the Government program as mentioned above and are therefore included in the three-year programming of the Finance Act. Specifically, the Program supported by the Bank will cover the government program composed of **MEF (P115, P116, P117, P118, P130, P140);** **DRA (P124);** **ADD (P429);** and **MI (3.2.0.0.1.08.006 *Special Fund related to the product of the tax shares allocated to the regions*).** The expenditures planned for 2022 are programmed in detail in the Budget Law. The Bank fiduciary and task teams will ensure close monitoring of budget programming of this strategy year by year with the MEF to avoid any incoherence between the Program expenses and the disbursement rate. No specific issue related to funding predictability was identified in the ongoing PforR operations in Morocco.

19. Alignment with GOM priorities. The Program's activities contained in the expenditure framework meet the directions set by the GOM. These activities are aligned with the Program's intended results and with the national efforts to improve public service delivery and social inclusion at the subnational level. Activities pertaining to improving public sector performance fully meet the requirements of digitalization of public services as priority reforms, which were subsequently identified as part of the 2021 and 2022 budget laws.⁹⁸ As outlined in the note presenting the 2021 budget law, improving the performance of the public sector and creating a culture of excellence in state institutions is one of the three pillars of the government's action plan for fiscal year 2021 and beyond. These activities are also aligned with the MEF (DGI) to support the fiscal and tax administration reform. In the note presenting the 2022 budget law, the government stressed the need to operationalize the NDM and hence modernize the public administration. The 2022 note on budget law has also identified the need to improve governance in general and modernize the administration: "A governance at the service of citizens and an efficient administration" is one of the pillars of the government for the 2022 budget and until 2026 (when the current government mandate will come to an end).

20. 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 MEF (P115, P116, P117, P118, P130, P140); DRA (P124); ADD (P429); and MI-DGCT through the Fes-Meknes region (3.2.0.0.1.08.006 *Special Fund related to the product of the tax shares allocated to the regions*). The General Budget of the State is the source of funding of this Budget Program, as well as financing partners at the level of the region. Its budget structure is aligned with the General Budget of the State, which is conformed with the international budget classification (Classification

⁹⁸ Link to 2021 budget law : <https://www.finances.gov.ma/Publication/db/2021/lf2021.pdf>.



of the Functions of Government – COFOG) as confirmed by last PEFA report (rated A) and will be incurred between 2021 and 2024. Expenditure will be subject to procurement following the country public procurement decree (No. 2-12-349 of March 20, 2013). This procurement decree and directives are deemed adequate and are in line with international standards. They have been used for all the ongoing PforR operations in Morocco. No specific activity or expenditure has been identified as high-risk activity.

21. 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 technical assistance and training plan during Program implementation (trust funds for technical assistance and capacity building). Besides, to help address capacity constraints of implementing ministries and agencies, the collaborative leadership tools will be introduced to help government identify priorities, seek support to reform priorities; and focus on results. Lastly, transparency will be streamlined with the Program’s design through: (a) support of the opening of public procurement data via 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 Fiduciary System Assessment) provide an additional driver of efficacy of expenditures and transparency under the Program. All Program activities are subject to a comprehensive set of measures aiming to ensure effectiveness and transparency including the publication of the annual reporting on the tax expenditure that is annexed to the Budget Law approved by Parliament (<https://www.finances.gov.ma/fr/vous-orientez/Pages/plf2021.aspx>).

Procurement profile of the Program and planning

22. Procurement profile of the Program. The detailed review of the Program Expenditure Framework did not reveal potential contracts with a cost estimate above the OPRC review thresholds. Based on the expenditure framework, the Program procurement activities are likely to include 55 percent of services, 16 percent of goods, and 29 percent of works. The details of the PEF are presented in Table A4.2.

23. Procurement planning. The implementing entities are all subject to the procurement planning requirements included in the public procurement decree (No. 2-12-349 of March 20, 2013) or in their procurement regulations. Procurement plans of the different implementation agencies are advertised on their web sites and /or on the electronic government procurement portal.

Budget execution

Budget Execution Modalities

24. Overall, the Ministries and Entities involved in the Program have had acceptable performance in terms of budget commitments and execution in 2018-20: Morocco scored A for PI-1 of PEFA 2016, thanks mainly to the high execution rate of the national budget. Table a4.2 describes the good performance of budget commitments and execution of the ministries and entities involved in the program. Specifically, the MEF’s budget execution rate exceeds 100 percent in 2020. The DGI, DB, DAAG, DRA, TGR, ADII, and DAGG budget performance is satisfactory.

Table A4.2: Commitment and payments rates (MDH)

Entity	Program	Description	2018		2019		2020	
			Commitment	Payment	Commitment	Payment	Commitment	Payment
MEF			557.8	620.3	557.8	663.7	473.8	511.8
DB	P115	“Economic policy and public finance strategy	66	39	75	43	76	40
DAAG	P130	Steering and Management	98	90	97	85	85	80
TGR	P117	Execution of public expenditure and public accounting	97	79	93	81	94	85



DGI	P118	Tax revenue mobilization and collection	100	94	100	90	100	91
ADII	P116	Facilitating and securing trade and consumer protection	95	79	93	81	94	85
MTNR								
A								
DRA	P124	Administrative reform and improvement of public services	88.67	91.96	91.05	94.97	90.70	96.49
DRA	P 140	Steering and Management	22.4	22.3	23.7	23.3	12.8	12.9
ADD	P429	Digital Economy	40	0	53,59	15	90	7
MI								
	3.2.0.0.1.08.006	Special Fund related to the product of the tax shares allocated to regions	7866.56	6187.87	8566.59	7829.69		
		Fès-Meknès Region	613.35	589.3	746.59	760.37	841.53	705.01

- The Special Fund for transfer to the regions has received increased funding, reaching an average annual progression of 14.92 percent progression, which is deemed satisfactory. The Fes-Meknes region budget over the period reviewed which did not include the portion of the CPER 2016-21, shows a satisfactory execution rate of an average of 93 percent during the period 2018-20. It worth to mention that the CPER 2016-2021 of the region faced significant delays in its approval by the MEF. The MEF approved the Region’s program only in late 2020 which explained the low implementation of the CPER. However, the region has taken some measures to speed up the implementation of the CPER including planning of the activities and procurement processes.
- Programs listed in the Fes-Meknes Region CPER 2016-2021 were screened for the environmental and social aspects. Out of 84 programs, 40 were identified ineligible, representing US\$638 million or 63.8 percent of the CPER (US\$1 billion). 44 programs were sustained, representing 36.2 percent of total CPER. Commitment by the region to execute its CPER is ensured through the Organic Law for the regions (Art. 175 and 196).⁹⁹ Balanced budgets are committed to execute conventions and contracts concluded by the region, guarantees granted, management of the region's debt, commitment credits and program authorizations, resulting in financial charges for the region. The Region’s CPER is technically and financially monitored through the Monitoring Committee at the level of the Wali of the Region, and by the DGCT at central level. A central committee composed of line ministries meets in case of notable delays in implementation of programs executed by regions. Besides the Division of Local Finances of the Directorate of budget of the MEF approves budget planning and programming for the regions’ CPER, including periodic budget execution reporting. For the Fes-Meknes region, the region and its AREP will produce a budget execution report on a bi-annual basis, in addition to annual Financial statements. This action will be monitored in the PAP and through DLI3.
- The AREP,¹⁰⁰ supporting the region in the implementation of the CPER, has limited capacities and is still recruiting fiduciary staff to ensure M&E functions. Challenges associated with above-cited challenges may affect predictability in terms of execution capacity. This risk is addressed in the Program’s design through a dedicated DLI on enhancing regionalization, and actions in the PAP on strengthening the fiduciary capacity of the AREP and the region in executing the CPER. This would prevent any risk associated with the timeline of eligible projects execution. Lastly, the Program Action Plan includes an action on the introduction of Strong capacity building program in procurement and financial management.
- However, ADD registered low payment rates during the period of 2018-2020. To address the challenge derived from the COVID-19 pandemic crisis, the agency developed a strategy “2025 ADD NOG” which was adopted in 2020 and being implemented during 2021-25. 2021 forecasts show that several projects will be

⁹⁹ Organic laws for the region website : http://www.sgg.gov.ma/Portals/0/lois/Loi_org_111-14_fr.pdf?ver=2016-06-16-144306-930.

¹⁰⁰ The AREP is a public entity created by the Regional council : <http://www.region-fes-meknes.ma/fr/administration-regionale/agence-regionale-dexecution-des-projets>.



launched, enabling budget execution increase to 70 percent. ADD developed an IT solution for monitoring fiduciary indicators, enabling agility on procurement processes, financial monitoring, reducing payment deadlines,¹⁰¹ and production of periodic reporting on implementation. In addition, the Ennajaa Program entails a strong capacity building component, including fiduciary assistance (*please see fiduciary actions in PAP*), to strengthen ADD's ability to deliver its program.

25. The ADD, sole SOE involved in the program, has sound budget execution systems. The planning and budgeting processes are derived from national regulations governing SOEs and they are subject to state financial control. It is administered by a board of directors and managed by a chief executive officer. Their budgetary, accounting and reporting procedures are governed by the Law n°69.00 (Dahir n° 1.03.195 of November 11, 2003), regulating the financial control¹⁰² of the State over public entities. The control of its expenditure is exercised at two levels. Ex ante, by the State Controller during the commitment of expenditures and by the paying Treasurer during payments. And ex post, by an external audit carried out by a private company as well as by the IGF and the COA. These rules require: (a) the preparation of the budget after consultation with the technical services (within the limits of the medium-term expenditure framework), (b) approval by the board of directors before the end of the financial year, and (c) subsequent validation by MTNRA.

26. At the level of the Fes-Meknes region, planning and budgeting are derived from the contract between the State and the Region ruled by the 2015 Organic Law on the Regions. According to the 2011 constitution, the regions have their own resources and resources allocated to them by the State. Regions are, however, largely dependent on support from the central state. Since the 2015 Organic Law on the Regions, the State is called upon to gradually reserve for the regions, 5 percent of the income from the income tax (IR), 5 percent of the income from the tax on companies (IS) and 20 percent of the income from the tax on insurance contracts. The fact that this figure is registered in an organic law constitutes a firm commitment of the State vis- vis-à-vis the regions. In addition to state resources, the regions have their own financial resources. This relates in particular to the product of taxes of a regional nature, royalties, fines and income from property and shareholdings. They can also resort to borrowing under well-defined conditions to avoid the slippages experienced by other countries. The funding to the region is satisfactory in terms of predictability.

Funds Flow Arrangements for Program Implementation

27. 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 the MEF (DGI, DB, DAAG, TGR, ADII, and DAGG), DRA, ADD, and MI-DGCT (Fes-Meknes Region). In fact, the expenditures and revenues of the Program are identified in the State budget through the Budget law and detailed in the annual budgets of the participating entities. All the implementing agencies including the Fes-Meknes region will use the government's treasury single account (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 IFSA team did not identify any wrongdoing during the assessment. Some delays in payments of invoices observed in 2020 were due mainly to cash flow management constraints related to the COVID-19 pandemic. The programming is sufficiently clear and detailed to allow adequate reporting on the implementation of the expenditures planned under the Program.

¹⁰¹ Average payment deadline for the ADD is estimated to 60 days, which is compliant with the national regulation.

¹⁰² In accordance with Law 69.00 relating to the financial control of the State over public entities.



For advances, prior results and achieved results, the funds will be disbursed to the Government's Single Treasury Account (STA). Specifically, the GOM would claim disbursements from the World Bank as the DLIs are achieved. All DLIs will be independently verified by the Independent Verification Agency (IVA). The IVAs will prepare the Results Verification Report, which will be shared with the MEF and the World Bank. A key use of the Results Verification Report will be to 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.

28. 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.

29. 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 2015 LOF, annual budget laws, and in the Public Accounting Decree n°330-66 (21/04/1967) (*Décret sur la Comptabilité Publique*). Participating entities will apply similar accounting standards for the Program using the Integrated Expenditure Management (IEM) system, which is an integrated set of computerized applications developed in-house. Authorizing officers and accounting officers keep separate accounts called administrative and cash accounts respectively. The administrative accounts kept by the authorizing and sub-authorizing officers are commitment accounts which clearly show the implementation of the budgetary authorizations recorded in the State budget and in the budget of each of the entities participating in the Program. The accounts of the Treasury record the appropriations and the payment of expenditures. The two accounts are reconciled monthly and then annually to reconcile payment orders paid by the accounting officer. Despite some limitations, the State's general accounts, after reprocessing operations at the central level, make it possible to carry out financial analysis, monitor cash flows, and draw up the management charts needed to pilot budget execution. In addition, it enables: (a) the State and local communities accounts to be consolidated; (b) the production by the Court of Audit, within the deadlines, of fully computerized State service accounts; and (c) the preparation of the State's general accounts and the draft laws presented to Parliament. The reform of State accounting and the transition from budget accounting to general accounting based on established rights which provides a heritage view of the State constitutes an essential lever to consolidate the culture of evaluation of the public action. Indeed, the adoption of asset accounting in accordance with international standards (IPSAS), aims to improve the information provided to public actors. It gives parliament, control bodies and citizens an appreciation of public policies, reinforcing the requirements for transparency of public accounts and the reissue of accounts.

30. Financial reporting. The MEF through a Program Management Unit (PMU) established under the MEF (DAAG) will oversee the preparation of the Program consolidated annual financial statements and periodic budget execution reports and monitor the EEP against the DLI achieved. The consolidated financial statements of the Program include the financial statements prepared by participating entities to the Program. The format will be defined in the MOP. The DAAG (PMU) will centralize financial information and oversee the work of the PMU including financial reporting. The Technical Committee will oversee Program activities and management including fiduciary work. The Program's budget execution reports and interim financial statements will be prepared on a semester basis by this PMU. The financial statements will include the financial execution of each Result Area and the data will be collected from participating entities.

31. Specifically, similar to most of the Bank-financed operations in Morocco, a spreadsheet "Excel" and data extracted from the national budget execution software "Integrated Expenditure Management System (*Gestion*



Intégrée de la Dépense- (GID) and Integrated Revenue Management System (Gestion Intégrée de la Recette- GIR), will be used to prepare Program's periodic consolidated budget execution reports and consolidated annual financial statements which in turn, may impact 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 Bank. The outline of such Report will include financial statements, physical realizations, progress on RIs, achievement of DLIs, reporting on grievances and allegations of fraud and corruption.

32. The accounting system used by the MEF (DGI, DB, DAAG, TGR, ADII, and DAGG), DRA, the MI-DGCT, and the Fes-Meknes region is the GID of the TGR. This system allows the authorizing departments to extract the data, run reports to present the accounting situations (expenditures, commitments, payments, etc.) and the budgetary situations linked to the various movements of appropriations (delegations of appropriations, transfers, etc.). While this is a complex program with ten implementing entities, GOM has had a good track record of producing program financial statements in time for the PforR operations under implementation.¹⁰³

33. The ADD's accounting procedures are based on accrual accounting and their budgeting and accounting systems are not yet fully operational. In fact, the ADD is in the process of setting up an integrated management system (IMS), focusing on finances and purchasing, which will allow efficient management of expenses and reporting. The Bank fiduciary team will follow-up on the implementation timeline of the IMS.

34. The main challenge and risk identified are at three levels:

- **There is a risk of delays in the implementation of the activities and disbursement of DLIs 1, 2, 4 and 5 because of low budget execution rate at ADD and the Fes-Meknes region.** Main risks are identified in budget execution phase during the procurement and payment process, in particular for the ADD and the Fes-Meknes region expenditures related to the CPER 2016-2021.
- **There is a risk of delays in the submission of consolidated annual audited financial statements and reconciliation between disbursement and Program eligible expenditure (EEP).** The Program design which includes several entities from various ministries requires significant fiduciary coordination mechanisms. Furthermore, the use of spreadsheet to prepare consolidated financial reports may impact their quality, acceptability, and timeliness.
- **The adverse impact of the COVID-19 pandemic may lead to procurement delays and reduction of budget allocated to the Program activities or entities.** There is a risk of re-prioritization by the GOM in its programming of expenditures that may not be within the ENNAJAA scope; resulting in activities/projects potentially not receiving adequate/timely funding to achieve the expected Program results and in DLIs not being met.

35. ENNAJAA's design includes a comprehensive set of measures to mitigate the identified risks. These measures aim at ensuring adequate budget and procurement execution of the PEF, effective accountability and transparency mechanisms, and achievement of expected results. The PAP includes specific, time-bound actions to mitigate the main risks. In particular, the risk of delays in procurement and payment process will be addressed through the appointment of dedicated fiduciary staff at the level of the Fes-Meknes region and its AREP, implementation of a capacity building program, and introduction of improved financial reporting standards. The risk related to the fiduciary coordination of the Program, as well as expenditure reconciliation, will be addressed by improving capacity through: (a) the development of standard tools and documents for fiduciary reporting to

¹⁰³ E.g., Health Sector Support (P148017); Urban Transport Project (P149653), and Education Support Program (P167619).



relevant implementing entities; (b) the deployment of performance management with the support of the Bank fiduciary team through monitoring of key fiduciary performance indicators; and (c) enhanced coordination between the implementing entities. As part of implementation support, the task team will closely monitor potential post-COVID-19 pandemic related to implementation impacts and coordinate closely with the participating entities to design appropriate mitigation measures.

36. 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 (Ombudsman office, the COA, and IGF. The MEF (DAAG) will collect – with support from the abovementioned institutions – and report to the Bank allegations occurring under the Program via the annual progress reports during Program implementation. The reporting format will include: (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 will be reviewed and detailed in the PAP.

37. 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 under the MEF (DGI, DAGG, DB, TGR, DAAG, ADII), and DRA, is carried out by the Public Procurement Decree No.2-12-349 dated 8 “Joumada” 1434 (March 20, 2013). A summary of the procurement systems of the main MEF agencies is provided below:

- **DRA.** DRA seems well staffed with a dedicated staff handling the department procurement activities. With few tenders launched annually (an average of 13), they acquired an experience in public procurement and the use of the PPD. In addition to the high number of bidders (approximately 7 per tender), DRA is mainly using ONCB where the direct selection method was not used during the last three years, which indicates open competition. With approximately a period of two months for the contracting time and two weeks for the bid evaluation process, no delays are deemed to be noted. In addition, no complaints were received during the last three years. Furthermore, the DRA has a procurement procedures manual and a risk mapping tool which are frequently updated by a dedicated expert, which demonstrates adequate management of the procurement process. Taking into consideration the above-mentioned description, DRA seems well equipped to handle the project procurement cases efficiently.
- **DGI.** DGI is well structured, with six staff dedicated to procurement activity in the Budget & Equipment Department. This organization allows DGI to efficiently manage the thirty or so contracts contracted annually and where no complaints have been reported. On the digital side, DGI uses the Moroccan E-Procurement Portal (PMMP) in almost all tenders¹⁰⁴ for publishing the tenders' notices and contracts award. In terms of contractual timelines, DGI follows those imposed by the regulation and does not record any significant overrun.¹⁰⁵
- **TGR.** TGR seems well staffed with nine people handling procurement activities of the Procurement Department which is split into three teams: Tenders, Contract Management, Other expenses. With very few tenders launched annually (an average of eight) but with being a key stakeholder in the discussions about the public procurement in Morocco, they have an experience in public procurement and the use of the PPD.

¹⁰⁴ All the tenders launched by DGI are open. No direct contracts passed.

¹⁰⁵ The overall average timeline for contracting is 50 days.



In addition to the reasonable number of bidders¹⁰⁶ participating in each tender, TGR is using exclusively ONCB where the direct selection method was not used during the last three years, which demonstrates open competition. With approximately a period of 123 days for the contracting time in 2018, it's a relatively high number. However, this time is decreasing from year to year to reach 88 days in 2020. In addition, no complaints were received during the last three years. Furthermore, regarding the use of eProcurement tool, TGR is the entity managing the PMMP and using it for their own procurement activities. Finally, purchasing documents are archived in dedicated premises according to a determined procedure and according to an archiving charter and a classification plan.

- **DAAG.** Under the supervision of the MEF, the procurement activity of DAAG is carried out by the Moroccan PPD as the other Directorates of the ministry. Regarding their procurement performance during the last three years, we note an increasing contracting time¹⁰⁷, mainly due to the COVID-19 pandemic where many tenders opening/award were postponed. However, the procurement methods used were almost exclusively ONCB¹⁰⁸ for the three years, with a participation of an average of four 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.
- **ADII.** Under the supervision of the MEF as well as the other Directorates of the Ministry, procurement under the Program will be carried out according to Morocco's existing systems¹⁰⁹ and processes for Public Procurement Management. The main procurement method usually used for the tenders launched these last three years was ONCB.¹¹⁰ However, the average number of bidders submitting a bid in each bid process remains low (less than three per tender). More efforts could be made to improve the competition. Regarding the complaints, three were received and handled as per the mechanism in force. They were considered as unfounded. Finally, purchasing documents are archived in dedicated premises according to a determined procedure and according to an archiving charter and a classification plan.
- **In addition to MEF implementing agencies, there is the ADD. The latter has its own procurement regulations, that are largely consistent with the Public Procurement Decree:**
- **ADD.** ADD appears to be well equipped for procurement activity in this Program. Indeed, even if it is a newly created agency, governance, risk management and procurement activities are well structured. The latter is managed by a dedicated team who handled very few contracts processed through open tenders and direct selection during the last three years, and where no complaints were received. However, the staff might need more experience in handling complex procurement cases. With an average of 7 bidders per tender and a contracting time of 40 days, the main procurement KPIs are satisfactory. Furthermore, for handling corruption cases, ADD is implementing the SOE Governance Best Practices Moroccan Code (Code Marocain de Bonnes Pratiques de Gouvernance des Etablissements et Entreprises Publics). On the ICT side, a new dedicated Enterprise Resource Planning tool is under implementation and aims to support procurement and accounting activities for better expenses management. Regarding the use of e-Procurement, it is worth mentioning that even if the ADD is a recently created agency, they are mature enough in using eProcurement tools. Indeed, they are publishing procurement notices, procurement plans and contract awards through the portal (www.marchespublics.gov.ma) and they are authorizing electronic bid

¹⁰⁶ The average number of bidder/tender is approximatively 6.

¹⁰⁷ The contracting time has increased from 47 days in 2018 to 91 days in 2020.

¹⁰⁸ DAGG has experience in public procurement since they have handled an average of 44 tenders per year.

¹⁰⁹ Decree No. 2-12-349 of 08 Joumada 1434 (March 20, 2013) relating to public procurement.

¹¹⁰ Number of tenders: 50 in 2020, 58 in 2019, 65 in 2018.



submission. In terms of procurement oversight, ADD procurement activities are subject to the review of the DEPP (“Contrôleur d’Etat”) regarding the respect of procedures and provisions of the procurement regulations.

- **Region Fes-Meknes:** The procurement activity of the Region is carried out by the Moroccan PPD as that of the other public entities. Regarding their procurement performance during the last three years, contracting and evaluation times are reasonable, albeit with a few unsuccessful bidding processes, mainly during 2018 and 2019. But there was good progress in 2020 especially with procurement planning which was done and published timely. It is worth looking into the details of the unsuccessful tenders to examine potential weaknesses to address. However, the procurement method exclusively used is ONCB, with a participation of an average of four bidders per tender, which shows a good sense of open competition. Regarding staffing, the procurement activity is handled by a dedicated Department.

Taking into consideration the above-mentioned description, the implementing agencies seem well equipped to handle the project procurement cases efficiently.

38. Record Keeping and Document Management Systems. In general, procurement documentation is kept in all public entities. Centrally, MEF has a department for general administration (Direction de l’Administration Générale (DAAG)), which oversees record keeping and document management systems. At the ADD level, Record Keeping is handled internally by each department/service.

39. Procurement performance. Based on the information provided during the assessment, over the period 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 ENNAJAA’s program implementation more agile. The main procurement performance indicators collected during the assessment are summarized in the Table A4.3 below:

Table A4.3: Procurement Performance Indicators

Year	Average length of procurement Processes (days)	Time for preparation of bids (days)	Time for bids evaluation (days)	Distribution of awards by procurement method		Average number of bidders submitting a bid in each bid process.
				Open	Direct	
ADD						
2020	38	23	15	5	1	8.5
2019	38	23	15	6	2	4.5
2018	46.5	23.5	23	1	-	7.5
DAAG						
2020	91	21 - 40	22	28	0	5
2019	48	21 - 40	15	48	1	4
2018	47	21 - 40	17	55	1	4
TGR						
2020	88	40	17	7	0	5
2019	106	44	24	8	0	7
2018	123	40	31	8	0	6
DGI						
2020	51	31	19	18	0	4.4
2019	46	31	12	39	0	2.7
2018	52	36	15	39	0	3



DRA						
2020	50 - 70	30 - 50	7 - 15	8	0	4
2019	46 - 66	30 - 50	7 - 15	14	0	12
2018	40 - 60	30 - 50	7 - 15	17	0	5
ADII						
2020	57	41	19	50	0	2.8
2019	80	31	28	58	0	2.2
2018	80	31	21	65	3	3.4
DGCT- Fès Region						
2020	35	23	12	23	0	6
2019	35	25	10	73	0	3
2018	39	24	15	79	0	3

40. 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 governments. 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 Moroccan Public Procurement Portal (e-procurement) and integrated systems to track and implement budget spending and to process payments (GID). In addition to 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 governments and state-owned entities. 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.

41. e-Procurement. The procurement system relies on the PMMP, which improves public access to information, by widely publishing call for tenders, 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: electronic submission of bids and electronic reverse auctions. The procurement portal also includes a supplier database. The portal is widely used by the implementing agencies mainly for publishing tenders' notices and contract awards.

42. 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 primary function is to act as the venue for bid complaints, and to issue opinions on all aspects of procurement disputes. This not only includes competition disputes, but also corporate structure and organizational conflicts of interest issues and mitigation strategies. The mandate of the CNCP includes: (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 complaint cases declared by the CNCP increased after the effective installation of the commission in January 2018. As of February 2021, 105 decisions have been made by CNCP and published on its website (<http://www.sgg.gov.ma/Commissionnationaledecommandepublique.aspx>). With the CNCP decree becoming effective and its installation, 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.

43. Fraud, corruption, and debarment of Contractors. Morocco's Constitution, enacted on July 1, 2011, explicitly mentions the need to fight corruption and to 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 Central Body for Corruption Prevention (*Instance Centrale de Prévention de la Corruption* [ICPC]) 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 to ensure that any person or entity debarred or suspended by the 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

44. The system internal controls system. The internal controls systems applied for MEF (DGI, DB, DAAG, TGR, ADI, and DAGG); DRA; and ADD are well defined and adequate. Entities are endowed with adequate internal control platform (manual of procedures, information management system, segregation of duties between the budget holder and the accountant, culture of results, risk map). The assessment by the World Bank team of the effectiveness of the current practices did not reveal any significant issue. No internal control systems issues were reported in the line ministries as per the latest internal audit reports. Some of their recommendations were implemented to create digitalized internal control system in compliance with the COSO repository, such as in the DAAG. Besides, the DRA and the DAAG are one of the implementing agencies having a robust internal control system which supported the performance approach, supporting harmonious and performing budgetary programming.

45. The Fes-Meknes Region internal control system would require some improvements. In practice, the region has weaknesses in its internal control environment characterized by inadequate internal control procedures, such as lack of manual of procedures and internal control tools (including the procurement aspects) customized for their needs, and weaknesses in the risk's management. Specific issues underscored in the Supreme Audit Institution reports include shortcomings in the inventory management, existences of payments made against insufficient supporting documents, non-compliance with procurement regulation, absence of risk map, lack of tool for monitoring of the implementation of the investment projects. This translates into challenges in the budget execution. To mitigate this risk, a set of measures will be implemented through the Program such as the appointment of qualified fiduciary staff in the Region and its AREP, based on agreed terms of reference, and the operationalization of an internal audit unit¹¹¹ at the level of the Region Council that will imply development of risk map and enforcement of customized manual procedures. This will be complemented by the training and hands-on-support to the region on financial management.

Internal Audit

¹¹¹ The DGCT has launched the set up in early 2021 of internal audit structures within the councils of the twelve regions, in partnership with the IGAT, and the Association of the Morocco Regions, and the AFD.



46. The Program internal audit system is adequate at the central level but weak at the level of the region; For the MEF (DGI, TGR, ADI, DAAG, and DAGG) there are operational internal audit units, performing regular inspection and internal audit missions. These units have proven experience in internal auditing of their departments. For example, **ADI** has an audit and Inspection Division, scheduling targeted and periodic missions on general or specific aspects. The internal audit structure of **DGI** can perform at any moment an internal audit on tax and fiscal administration management at central and regional levels. Besides, **DGI** is continuing its work to improve its control and internal audit system, particularly with regard to improving performance and the quality of service provided to taxpayers. This involves controlling the risks induced by the operational activities of the DGI and modernizing the control system through the professionalization of internal audit.

47. Other successful examples relate to DRA. The Department has put in place a strategic committee (Management Committee) chaired by the Secretary General of the Department (responsible for the program) and comprising the directors (operational actors of the program); (Strategic level of orientation, coordination and validation of the program), an operational committee chaired by the Director of Human and Financial Resources (DRHF) and comprising representatives from each department, the Management Control Unit and the Programming and Financial Resources Division; (Operational level of coordination and approval of projects). This latter is in charge of implementing the recommendations of the inspections and audits.

48. ADD has sound internal audit procedures through the existence of an audit and risk management department, directly reporting to the general management. It also has an audit committee that emanates from its board of directors. The audit committee assesses the effectiveness of internal control and risk management systems within the agency, ensure that the internal audit has adequate means to carry out the audit plan; and assist the Board of Directors with a view to improving internal control and risk management.

49. The Local Government General Inspectorate (*Inspection Générale de l'Administration Territoriale [IGAT]*) intervenes to carry out internal audits' missions in the MI and local governments as required by the regulations in force whenever the case arises, in particular at the level of public contracts. IGAT has a proven role in performing internal audit functions and supporting local governments in implementation of the recommendations.

50. The Fes-Meknes Region does not yet have an operational internal audit unit. Meanwhile, the internal auditor of the MI, the IGAT, ensures this role, but not regularly. To mitigate this risk, a set of measures will be implemented through the Program such as the appointment of qualified internal audit and fiduciary staff at the level of the Region AREP, based on agreed terms of reference, and the operationalization of an internal audit unit that will include development of risk map and enforcement of customized manual procedures. This will be complemented by the training and hands-on-support to the region/AREP staff on financial management and the information management system.

51. Measures will be adopted to ensure effectiveness of the operationalization of new internal audit units where needed in the Program in collaboration with IGF and IGAT. These entities would ensure that appropriate internal control and audit procedures are put in place for the Program.

Program Governance and Anticorruption arrangements

52. 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 related. These arrangements comprise several effective institutions playing complementary roles: Ombudsman Office, Court of Auditors, the IGAT, the CNCP, and IGF. In absence of data because of the failure to report formally the status of actions related to fraud and corruption in most of the



ongoing Bank-funded operations, the IFSA team was unable to assess the effectiveness of these institutions in the portfolio. Therefore, for the purpose of this operation, additional efforts are required and compliance with actions to fraud and corruption as detailed in Parag 58 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. Noncompetitive procurement contracts are decreasing but remain high at 30 percent in 2017 compared with 40 percent in 2015.

53. As supported by DLI3 and DLI4 of the Program, the DGI is promoting tax compliance to also combat fraud and corruption, as part of the implementation of the strategic, through (a) an educational approach of support, (b) assistance to taxpayers without omitting the dissuasive nature, and (c) automation action plan of the DGI. The Information system (SIT) proceeds to the automatic follow-up of defaulters in terms of all taxes, including VAT. An investigation mission to fight against VAT fraud was recently carried out by judicial officers. Its objective was to combat the phenomenon of fictitious invoices. The objective of this operation was to ensure the existence of these taxpayers at the address of their head offices and the effective exercise of the activity. Remedial actions were taken as per report's issuance, and are embedded in RA#2 through the adoption of a multi-year action plan to improve tax compliance, leading to synchronized databases of local and national taxpayers, and increased exchange of information between the DGI and selected key partners.

54. Actions related to fraud and corruption. The Borrower commits to implement the Program in accordance with the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015 (Anti-Corruption Guidelines). The Borrower will: (a) take all appropriate measures to ensure that the Program is carried out in accordance with the Bank's Anti-Corruption Guidelines; (b) take all appropriate measures to prevent fraud and corruption in connection with the Program, including (but not limited to) adopting and implementing appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted; (c) promptly inform the Bank of all credible and material allegations or other indications of fraud and corruption in connection with the Program that come to its attention, together with the investigative and other actions that the Borrower proposes to take with respect thereto; (d) unless otherwise agreed with the Bank with respect to a particular case, take timely and appropriate action to investigate such allegations and indications; report to the Bank on the actions taken in any such investigation, at such intervals as may be agreed between the Borrower and the Bank; and, promptly upon the completion of any such investigation, report to the Bank the findings thereof; (e) if the Borrower or the Bank determines that any person or entity has engaged in fraud and corruption in connection with the Program, take timely and appropriate action, satisfactory to the Bank, to remedy or otherwise address the situation and prevent its recurrence; and (f) ensure that any person or entity debarred or temporarily suspended by the Bank is not awarded contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension. The 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 of the implementing agency will 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 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.

55. 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 Bank on the administrative inquiries into allegations which the Bank intends to pursue has been confirmed. Also, the 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 bank's guidelines in this area. The terms of reference setting out the modalities of intervention of these institutions will include specific provisions relating to the verification of compliance with the Bank's guidelines on the prevention of fraud and corruption.

Auditing

56. Program audit. The arrangements for external audit of the Program consolidated annual financial statements will follow the same arrangements put in place for most Bank-financed operations in Morocco. These arrangements which relied on IGF are deemed adequate in terms of quality and timeliness of the submission of audited financial statements of Bank-financed operations. The IGF is auditing all the World Bank portfolio for the last two decades, except those managed by SOEs which have private audit firms. The IGF will audit the consolidated financial statements prepared by the Program Management Unit (PMU) established within the MEF.

57. The IGF is the assigned entity in charge of auditing the Bank-funded operations in Morocco except some few projects implemented by SOEs and its overall performance is deemed satisfactory. This institution of control reporting to the MEF is involved in the audits of some of the GOM programs including the standard and statutory mandate. The World Bank financial management team carried out a comprehensive assessment of the IGF in 2016, complemented by the 2017 PEFA and annual review¹¹² of the performance of this entity. The capacity of this institution revealed the following. First, the IGF has built adequate credibility in auditing the GOM's programs over the last 20 years owing to the quality of the staff.¹¹³ Second, the assessment confirms that the entity adequately implements international auditing standards (risk-based process), through web-based audit software called Blue Audit that is used by all the auditors to plan, carry out, and report on their missions. More than 95 percent of the annual plan is executed. The deployment of Blue Audit—which includes a module on recommendation monitoring—has increased the IGF's efficiency. Third, the IGF has a track record in auditing five PforRs in various sectors including at the subnational level (health, urban transport, municipal management, agribusiness, and integrated risks). The current staffing of the IGF is composed of 180 professional and experienced staff. The fiduciary assessment revealed that the assignment of this new operation to IGF combined with the other WB pipeline operations will translate into an increase of activity for the team of IGF. This will require more adequate staffing arrangements including an increase in the current number of staff. IGF has performed satisfactorily in auditing Bank-funded projects. The project audits have been of good quality and the submission of audit reports timely. It is worth mentioning that the delays observed in the submission of some audit reports are mainly due to the delays faced by the PMU to prepare and submit on time their annual financial statements to IGF.

58. The IGF will carry out the audits of the Program annual consolidated financial statements on the basis of agreed terms of reference. As mentioned above, the financial statements of the Program include the financial statements prepared by the MEF, which covers the expenses made by DGI, according to a format defined in the MOP. The audit reports together with detailed management letters will be submitted to the Bank no later than nine (9) months after the closure of accounts. Performance audits will be performed every two years based on agreed TORs with the World Bank. The terms of reference (TOR) of the auditor will include special provisions to cover the additional risks derived from the COVID-19 pandemic. The Program would comply with the World Bank

¹¹² Carried out on March 2017 and February 2018.

¹¹³ About 125 auditors. The recruitment plan includes the integration of a competitive basis over the 3 upcoming years of about 25 new auditors starting from 2017.



disclosure policy of audit reports and place the information provided on the official website of the MEF within two months of the report being accepted as final by the team and the World Bank.

Fiduciary Management Capacity Assessment of Implementing Entities

59. Overall, the assessment of the capacity of the fiduciary staffing in MEF, DRA, and ADD concluded to a satisfactory capacity. However, the assessment of staff capacity, both at the Region and the AREP, identified the limited capacity of the staff as the main impediment that could affect implementation of the Program. To ensure smooth implementation of the Program, a PMU within the DAAG will need to be formed and trained. This PMU will include a fiduciary officer in charge of ensuring cooperation and consolidation of the Program’s financial and procurement information. The Program will include at the level of the region: (a) appointment of fiduciary staff based on terms of reference, and (b) a capacity-building program aimed at building the skills of all fiduciary staff in the Fes-Meknes region and it AREP.

60. Financial Management: 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

61. The Contribution to the PAP. The Table below details the PAP’s fiduciary actions.

Table A4.4. PAP Fiduciary Actions

PAP#	Topic	Risk/Weaknesses	Mitigation Action	Responsible	Deadlines	Type of Action (PAP, TA, DLI)
	<i>Fiduciary Reporting</i>	Insufficient quality and delay in the preparation and submission of auditable consolidated financial statements to IGF due to the multiplicity of implementing entities and capacity challenge at ADD and Fes-Meknes	✓ Strengthen fiduciary reporting arrangements and ensure through effective coordination mechanism, that program annual financial statements are timely prepared and submitted to IGF for annual audit.	PMU with inputs from Fes-Meknes Region/AREP and Implementing entities	Annual	PAP/DLI
		The lack of consolidated data leads to delays in the preparation of consolidated	✓ Strengthened fiduciary reporting submitted timely, with support from the TGR in regard	DAAG/TGR	Bi-annual	PAP



		program fiduciary Reporting	to public procurement KPIs			
	<i>Fiduciary capacity building</i>	Lack of capacity in handling timely procurement processes, in compliance with national public procurement and payment delays regulation	✓ Fiduciary capacity development Program including human resources in procurement and financial management execution, particularly at the level of region and the ADD, and other entities where implementation lags.	DAAG/DGCT/ADD	Immediately	PAP
	<i>Budget execution at ADD and Fes Meknes</i>	Low budget execution at ADD and weak planning and low HR fiduciary capacity at Fes-Meknes region	✓ Monitor through periodic reports, the effective implementation of the newly approved strategy “2025 ADD NOG.” ✓ Develop and implement a capacity-building program aimed at strengthening the skills of staff in the Fes Meknes region in FM. Procurement and M&E.	ADD PMU / Fes-Meknes Region	Bi-annual	PAP
	<i>Compliance to the Bank’s list of debarred and temporarily suspended firms</i>	<i>Lack of mechanism for checking the eligibility of firms and individuals from the Bank’s list of debarred and temporarily suspended firms.</i>	✓ <i>Develop and operationalize the mechanism, through issue of Instructions/circular to all procuring entities, requiring the procuring officers to check the eligibility of firms and individuals from the Bank’s list of debarred and temporarily suspended firms.</i> ✓ <i>Report compliance</i>	MEF/TGR IGF	Immediately Annual as part	PAP of



			<i>to the Bank's list of debarred and temporarily suspended firms as part of Program Audit Report</i>		<i>Program Audit</i>	
	<i>Internal audit</i>	Ineffective internal audit functions within implementing entities, in particular the Fes-Meknes region	✓ Operationalization of internal audit function within the Fes-Meknes region including development of tools and capacity development activities	Fes-Meknes Region/AREP/DGCT/IGAT	First year	PAP

Implementation Support

62. Fiduciary implementation support would include:

- Monitoring fiduciary implementation progress.
- Support to the Borrower to resolve implementation issues and carry out institutional capacity building.
- Compliance with audit reports, including the implementation of the PAP; and
- Monitoring, as relevant, of compliance with the fiduciary provisions of legal covenants.



ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

1. This ESSA was undertaken by the World Bank as part of ENNAJAA preparation. It examines the environmental and social management systems of the PforR. It assesses their compliance with the provisions of the Operational Policy and Directive applying to Programs for Results in order to manage Program risks and promote sustainable development. Paragraph 9 of the policy describes the basic principles observed in the ESSA. The ESSA focuses on the analysis (a) of the legislative and regulatory framework: laws, regulations, procedures, etc. (the “system as defined”); and (b) the capacity of the institutions concerned by the Program to effectively implement environmental and social management systems (the “system as applied in practice”). The preparation of the ESSA and the development of measures to strengthen the environmental and social management system benefited from a variety of information and a broad consultation process, including the review of documentation, and consultations with stakeholders.

2. Program beneficiaries. The program will directly and primarily benefit the central structures of the administration as well as the population of the Fes-Meknes region. However, for some ILDs, the results of the Program will also benefit the decentralized structures. The indirect beneficiaries of the Program correspond to the entire population of the Kingdom.

3. Geographic area of the Program. It would include the regions of Tangier-Tétouan-Al Hoceima, Oriental, Fes-Meknes, Rabat-Salé-Kénitra, Béni-Mellal-Khénifra, Casablanca-Settat, Marrakech-Safi, Draâ-Tafilalet, Souss-Massa and Guelmim- Oued Noun.

4. Limitation of the environmental risks of the Program. Adverse environmental effects are limited because of:

- The exclusion, by virtue of the very nature of PforR, of any investment involving significant or major environmental and social risks.
- The existence of specialized institutions capable of managing most of the environmental and social aspects of the Program.
- The existence of an appropriate legal arsenal to effectively manage all aspects of the environmental and social management of the Program.

5. Environmental benefits. The Program will generate environmental benefits as follows:

- Strengthen the uptake and performance of key technical infrastructure, governance frameworks and institutional arrangements necessary to enable a better use, reuse and sharing of data across government by supporting the digital transformation of government and its evolution towards an efficient, equitable and transparent data-driven public sector.
- The increased adoption of these technologies will lead to a decrease in the use of paper (Paper consumption in Morocco: 20 kg per year and per capita, MedPapier - 2019 financial report) and therefore the reduction of the relative carbon footprint.
- It will also lead to a reduction in travel between the administrations as well as the movement of uses to these administrations. The avoided energy consumption will contribute to the national effort to reduce greenhouse gases and improve the air quality of urban centers.
- Enact a new legal and regulatory framework governing the performance of a data-driven administration taking into account national commitments in environmental and social management.

6. Social benefits. The Program will generate social benefits as follows:



- The digital transformation of public administration services has become more than a necessity, insofar as it not only meets the expectations of citizens who use public services, but it is also a credible solution to reduce expenditure and improve organization and management of public administration.
- The process of digitalization of the administration in Morocco has accelerated in recent years and in particular with the confinement due to the COVID 19 pandemic. Several public service services are already carried out by online users without any they feel the need to move. This is the case, for example, with procedures concerning civil status and the payment of certain taxes.
- The Program will have, in the medium term, beneficial social benefits for the entire population of the Kingdom. In fact, by supporting the government's efforts to improve the efficiency of public spending (Result Area 1), the Program will improve budgetary performance and the efficiency of the use of public funds, which will have repercussions on public investments.
- Improving the efficiency of local tax collection and increasing municipal resources (Result area 2) will result in more equitable and balanced investments in favor of all layers of the urban population and rural.
- By supporting the digitalization of public administration and data-driven government (Result Area 3), the Program will help improve administrative services for users of the administration, in terms of duration, accessibility, efficiency and quality. Likewise, it will strengthen the openness and transparency of government, improve access of citizens and economic and social actors to data, and improve the image of the administration and the confidence of citizens.
- The strengthening of healthcare infrastructure and educational and social activities infrastructure will on the one hand improve access to healthcare and training for young people and will prepare them for future and professional jobs. on the other hand, it will offer young people spaces for leisure, culture and sport.

7. Environmental and Social Risks. ENNAJAA also entails environmental and social risks:

- Among the programs listed in the CPER of the Region Fes-Meknes 2016-21 (total amount of US\$1 billion), 40 were excluded (representing US\$638 million) because of their potential to generate environmental risks and important social issues. After careful review, 44 programs were maintained, representing 36.2 percent of the total CPER.
- The Region's commitment to carry out its CPER is ensured by the organic law of the regions (art. 175 and 196). Balanced budgets are committed for the execution of the conventions and contracts concluded by the region, the guarantees granted, the management of the debt of the Region, the commitment of credits and program authorizations, leading to financial charges for the Region.
- The CPER of the Region is technically and financially monitored by the Monitoring Committee at the level of the Wali of the Region, and by the DGCT at the central level. A central committee made up of the line ministries meets in the event of a significant delay in the implementation of programs executed by the regions. In addition, the Local Finance Division of the Budget Directorate of the MEF approves the budget planning and programming of the CPERs in the regions, including periodic budget execution reports. For the Fes-Meknes region, the region and its AREP will produce a budget execution report on a half-yearly basis, in addition to the annual financial statements. This action will be monitored in the PAP and by DLI # 3.
- The activities financed under this Program, which present a potential for generating significant environmental risks, relate to the activities that will be supervised by the DGCT and implemented by



AREP Fès-Meknes and can be summarized as follows: (a) improvement of the economic attractiveness of the region's territorial spaces (construction of an exhibition park), (b) support for productive sectors, promotion of employment and scientific research (creation of an annual trade fair for crafts, construction of two local hospitals, construction of two engineering schools, construction of a multidisciplinary faculty, construction of six technology institutes, construction of a training institute in the water and 'sanitation and the environment, upgrading of 19 social centers dedicated to young people with disabilities), (c) promotion of culture, tourism and protection of natural resources (construction ion of a convention center, construction of five local centers, construction of the cultural center of Fez, construction of the Ain-Chegag cultural center, rehabilitation of two cultural centers).

- All these constructions will take place inside urban space.
- The risks of these activities could be expressed during the different phases of their implementation as detailed below.

Table A5.1: Preparation phase

Type of risk	Level of risk	Mitigation measure
Inappropriate or poorly sized technical and / or technological choices during design	Low to moderate	The feasibility studies present the analysis of technical and technological variants - the choice of the best scenario according to technical, environmental and economic criteria
Neglect of environmental and social aspects when preparing calls for tenders	Low to moderate	Carrying out prior to any start of work, environmental and social studies and preliminary surveys and inclusion in the specifications of environmental and social clauses
Temporary or permanent occupation of private land	Low to moderate	The program excludes any recourse to expropriation or involuntary displacement of households. In the event of recourse to expropriation prior to the Program, the validity of the compensation measures will be assessed by the PMU's E&S focal point and a plan of mitigation measures implemented. Use of technical alternatives to avoid passage into private land and encroachment on houses or businesses.

Table A5.2: Construction phase

Type of risk	Level of risk	Mitigation measure
Risk of loss of characteristics of stripped floors	Low	<ul style="list-style-type: none"> • Adequate storage (stack height does not exceed 1.5m) • Reuse of stripped floors
Pollution of groundwater and surface water (accidental spills of hydrocarbons and lubricating oils.)	Moderate	<ul style="list-style-type: none"> • Adequate storage of products and waste (waterproof storage) • Waste disposal by specialized companies • Hydrocarbon tanks on waterproof slabs • Areas dedicated to the distribution of hydrocarbons and lubricating oils, equipped with pumps installed on sealed surfaces • Availability of sandboxes for immediate collection of any spill



		<ul style="list-style-type: none"> • Vehicle maintenance in specialized garages
Loss of biodiversity	Low (All the sites are in the urban perimeter)	<ul style="list-style-type: none"> • Planting of local plant species to compensate for any losses related to the work
Dust and exhaust gas emissions.	Low to moderate	<ul style="list-style-type: none"> • Watering of construction sites; systematic removal of unused backfill; frequent vehicle maintenance
Increase in noise pollution (rolling stock, jackhammers, air compressors)	Low to moderate	<ul style="list-style-type: none"> • Public awareness • Restrictions and prohibition of work during rest periods (eg from 9:00 p.m. to 7:00 a.m.)
Traffic accidents	Low to moderate	<ul style="list-style-type: none"> • Public awareness • Circulation plan • Traffic signs
Worksite accidents	Low to moderate	<ul style="list-style-type: none"> • Wearing personal protective equipment • Safety instructions on construction sites • Awareness of workers
Safety issues due to influx of workers and heavy machinery	Low to moderate	<ul style="list-style-type: none"> • Public and worker awareness • Regular monitoring
COVID 19 contamination	Moderate to severe	<ul style="list-style-type: none"> • COVID test for all personnel before starting the work • Distancing measures • Mandatory wearing of a mask • Hand washing before each work shift • Periodic decontamination of common premises • Periodic decontamination of machinery and work tools • Periodic decontamination of companies' means of public transport
Drinking water and electricity service interruptions and the closure of public institutions and collective infrastructure	Low to moderate	<ul style="list-style-type: none"> • Public awareness • Alternative measures
Temporary disruption of economic activities	Low to moderate	<ul style="list-style-type: none"> • Public awareness • Possible compensation measures
Temporary restrictions on access to income	Low to moderate	<ul style="list-style-type: none"> • Public awareness • Possible compensation measures
Temporary difficulties for residents to access their homes, shops and other public establishments (schools, clinics, etc.)	Low to moderate	<ul style="list-style-type: none"> • Public awareness • Possible compensation measures
Exacerbation of social conflicts	Low	<ul style="list-style-type: none"> • Sensitization of companies to engage vulnerable local populations such as young people or women, to the extent possible
Compliance with the labor code • Sensitization / information to companies about current labor code regulations. • Possible recourse to the law to punish by fine any company that does not respect labor regulations	Low to moderate	<ul style="list-style-type: none"> • Sensitization / information to companies about current labor code regulations. • Possible recourse to the law to punish by fine any company that does not respect labor regulations

Table A5.3: Operation phase



Type of risk	Level of risk	Mitigation measure
Liquid effluents: Pollution of groundwater and surface water - Pollution of soils - Water-borne diseases - Development of disease vectors	Moderate to severe	<ul style="list-style-type: none"> • Treatment of liquid effluents • Compliance with rejection standards
Solid waste: Water pollution - Soil pollution - Development of disease vectors - greenhouse gases	Moderate to high	<ul style="list-style-type: none"> • Sorting, collection and transport of solid waste • Elimination and / or recovery of solid waste • Collection and sorting of hazardous waste and disposal by specialized companies
Accidents	Low to moderate	<ul style="list-style-type: none"> • Application of the labor code and its occupational health and safety requirements • Comply with the recommendations of labor inspectors under the Ministry of Labor and Professional Integration
Compliance with the labor code	Low	<ul style="list-style-type: none"> • Sensitization / information to companies about current labor code regulations • Possible recourse to the law to punish by fine any company that does not respect labor regulations

- Overall, and with reference to AREP-FM's lack of human resources and its reduced capacity to manage environmental and social aspects, the negative environmental and social risks associated with the Program are considered substantial. They will be reversible and easily mitigated by the proposed measures. They will be easy to identify in advance and to prevent and minimize through effective mitigation measures and may also be the subject of an easy environmental control and monitoring system to identify and manage any risks. in real time. The main environmental and social risks linked to the achievement of the Program's results and development objectives are therefore considered substantial.

8. Evaluation of the E&S system of the Program.

- National environmental regulations and in particular Law No. 11-03 (Protection and enhancement of the environment) as well as Law 12-03 on environmental impact studies, insist on projects generating significant negative effects by offering management (EIA) and monitoring tools (PSSE) while projects and activities with low or medium potential for negative impacts will now be framed by the environmental impact notice introduced by law 49-17 on environmental assessment. The procedures and principles of environmental management are generally in line with international practice. Environmental management and EIA procedures are both clear at the technical level and sound at the institutional level. Law 12-03 relating to the EIA constitutes a legal tool which subordinates the administrative authorization of any project subject to the EIA to a decision of environmental acceptability while law 49-17 published in the official bulletin in August 2020 will only come into force when its implementing texts are promulgated. None of the regulatory texts that frame environmental management in the national system apply to the activities of the Program because the latter are not listed among the activities subject to the law on environmental impact studies.
- The Department of Environment responsible for the management of the EIA system has good experience



and the necessary skills, particularly in EIA review, monitoring of project implementation and monitoring of projects. media (air, water, soil), through the National Environmental Laboratory.

- MEF is involved in the preparation of all operations financed by the Bank. MEF is aware of all the E&S requirements of the PforR and managed all the stages of preparation of the ESSA, public consultations and information sharing with stakeholders and with parties affected by the Program. However, of all the PforRs in the World Bank's portfolio in Morocco, none are implemented by MEF.
- Since 2018, the General Directorate of Local Authorities (DGCT) has been implementing the PforR to support the improvement of municipal performance. The Program PIU, which includes an E&S focal point, has developed an E&S management guide which has been the support for the development of E&S training modules included in the DGCT training plan for the benefit of the municipalities participating in the Program.
- The newly created Digital Development Agency is placed under the supervision of the MTNRA.
- The Regional Project Execution Agency of the Fes-Meknes Region (AREP-FM) is placed under the authority of the regional council, with the aim of having an executive body with in-depth expertise in the areas of competence of this community, whether it is planning, economic and social promotion, territorial marketing, building management capacities, direct execution of major structuring projects or technical and legal advice. AREP-FM benefits from funding by the International Finance Corporation (IFC) which will enable it to access environmental and social support. Interviews with AREP-FM concluded that it does not have staff dedicated to environmental and social management. It does, however, have a complaints mechanism to respond to stakeholder grievances. This system is functional and has been set up as part of the collaboration with IFC. In addition, complaints can also be picked up by the Chikaya.ma platform since AREP-FM is a public entity.

9. In terms of expertise, there are several consulting firms and consultants who have references in the field and good capacities in the field of environmental management. Entities wishing to improve their E&S management system by calling on technical assistance to, for example, develop the electronic waste management plan (ADD) or ensure E&S monitoring of construction activities (AREP Fes-Meknes) could rely on national expertise.

10. ESSA action plan. It is recommended that all these actions, which form the ESSA Action Plan, be incorporated into the overall Program Action Plan. The Program will support specific measures aimed at strengthening the quality and performance of the environmental and social management system, in two areas of intervention:

- Actions aimed at strengthening the environmental and social management system;
- Actions aimed at building the capacities of actors in environmental and social management.

11. Actions to strengthen the environmental and social management system:

- The designation of an environmental and social focal point (see terms of reference in appendix 1) from the 1st quarter of the entry into force of the Program, who will be attached to the Program Management Unit, trained in environmental and social management, whose missions will be to ensure in close collaboration with all stakeholders: the coordination and monitoring of the implementation of actions to strengthen social and environmental management systems; the collection and centralization of all information relating to social and environmental risks and their mitigation measures; monitoring and



evaluation of the implementation of mitigation measures and the integration of data into the reporting level agreed between the bank and the client (semi-annual or annual);

- The designation of an E&S focal point within each of the Program stakeholders to strengthen (or develop) their E&S management systems and ensure close and documented monitoring of the work covered by the sub-projects implemented. work by the AREP of Fes-Meknes. All parties to the CPER of the Fes-Meknes region and whose programs include construction and/or rehabilitation works, will appoint an E&S focal point before the start of their works. The latter will be the correspondent of the PMU focal point. He will provide him with the necessary and useful information based on E&S site monitoring sheets. These will be detailed in the E&S Technical Manual. The E&S focal points of the CPER stakeholders will provide training and awareness to companies contracted. They will also ensure the presence in the terms of reference of construction companies, clauses relating to the safety of workers and residents, as well as compliance with environmental and social regulations.
- The PMU's E&S focal point will be responsible for the preparation, during the first quarter of the effectiveness of the Program, of the E&S Technical Manual which will include the complete procedures to be followed to accompany the construction works in such a way as to mitigate or even avoid their E&S impacts as detailed in section 2.4.2 and considering the different phases of each project. The E&S Technical Manual, which will be an integral part of the Program Operation Manual, will also present the site monitoring tools (E&S monitoring sheets, anomaly sheets), identify the responsibilities for monitoring the sites and specify the methods and frequencies of reporting.
- Based on the E&S technical manual, the PMU E&S focal point will develop a training plan for all program stakeholders. The purpose of this training is twofold: on the one hand, to provide stakeholders with the basic principles and methods to develop and implement an E&S management system and, on the other hand, to support the regional and provincial services of the participating administrations to the realization of the CPER of the region of Fes-Meknes.
- The Program involves ministries and public entities that are used to handling grievances. In addition, MEF and MI benefit from the support of the World Bank in other Programs; in this sense and with the involvement of the E&S focal points, these systems will be supported and strengthened to include and cover the activities planned under this Program.

12. Actions aimed at strengthening the capacities of actors in environmental and social management.

- The Program presents an opportunity for certain stakeholders to develop and implement an E&S management system. The setting up of this system begins with training sessions (E&S training plan to be developed and implemented by the PMU's E&S focal point during the first semester of the effectiveness of the Program) on the E&S management tools addressed to representatives of stakeholders such as DRA, MEF (DAAG, DB, TGR, ADI, DGI), MI (DGCT, AREP-FM) and MTNRA (ADD). These representatives will act as E&S focal points and will be equipped and trained on the identification of E&S risks and impacts regarding national regulations and international practices, on the definition, implementation and monitoring of mitigation measures as well as on the reporting and evaluation of the E&SMS.
- The digital transformation will be accompanied by an increased use of electronic devices. At the end of their life, these devices constitute waste (non-hazardous according to Decree No. 2-07-253 of 14 Rejeb 1429 (July 18, 2008) on the classification of waste and setting the list of hazardous waste), the disposal of which is the responsibility of the holder in accordance with Law 28-00. The lifespan of the electronic



equipment planned within the framework of this operation exceeds the duration of the Program. However, ADD will be asked to prepare (before the mid-term evaluation) a plan for the disposal and/or recovery of end-of-life devices.

- The Table below presents all the elements of the ESSA Action Plan which will be an integral part of the Program Action Plan. The cost of all the actions identified, concerning the social component of the ESSA, will be integrated into the overall budget of the Program.

Table A5.4: ESSA Action Plan

Action	Activities	Responsible	Deadlines	Measures
Actions to strengthen the environmental and social management system				
Environmental and Social Focal Point / PMU	Designation and attachment to the Program Management Unit	MEF / DAAG	1st quarter after the entry into force of the Program	Appointment of the environmental and social focal point
E&S focal point / Stakeholders	Appointment by stakeholders of their E&S focal point	DRA, MEF (DAAG, DB, TGR, ADI, DGI, DAGG), MI (DGCT, AREP-FM) and MTNRA (ADD) All stakeholders in the CPER of the Fes-Meknes region	1st quarter after the entry into force of the Program Before starting work	Appointment of E&S focal points
Grievance management mechanism	If the parties agree to adopt another system other than Chikaya.ma: Assessment, then reinforcement of existing grievance systems.	MEF / E&S focal point	During the 1st year of the entry into force of the Program	- Assessment of the existing number of stakeholders adopting the system - Reporting template submitted and approved by the World Bank
Environmental and social technical manual	Site monitoring tools (E&S monitoring sheets, anomaly sheets) Responsibilities of site monitoring Methods and frequencies of reporting Application of the E&S Technical Manual	MEF/DAAG All stakeholders with the support of their focal points	1st quarter after the entry into force of the Program Throughout the duration of the Program from the 2nd quarter	Environmental and social technical manual validated by the Bank E&S Monitoring Sheets and Reports
Measures to strengthen capacities and follow-up / evaluation / monitoring in environmental and social management				



Capacity building of relevant stakeholders	Development of the training module on environmental and social management including monitoring tools Organization of training sessions	MEF/DAAG	1st semester of the entry into force of the Program From the 1st semester of the entry into force of the Program	Program Training module developed Training plan Reports on training courses carried out
Electronic waste management plan	Protocol for declaring end-of-life equipment Census and record keeping Storage procedure Transport procedure Disposal procedure Valuation procedure	ADD	Before the mid-term evaluation of the Program	Electronic Waste Management Plan



ANNEX 6. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing	Completion Measurement
Establish and maintain throughout implementation a Strategic Steering Committee, chaired by the Head of Government and composed of representatives of ministries and institutions participating in implementation, monitoring and evaluation.	Technical		MEF	Other No later than 90 days after the Effective Date, or such other date as agreed by the Bank	Ministerial decision note establishing SSC responsible for strategic oversight and policy guidance under the Program, all under terms and conditions as described in the POM, has been submitted to the Bank.
Establish and maintain throughout implementation a Technical Committee chaired by the DAAG DG and composed of technical representatives of the ministries and institutions participating in implementation, monitoring, and evaluation.	Technical		MEF	Other No later than 90 days after the Effective Date, or such other date as agreed by the Bank	Ministerial decision note establishing the TC under terms and conditions as described by the POM has been submitted to the Bank.
Adopt a Program Operation Manual (POM) (including details on verification protocol for each DLI).	Technical		MEF	Other No later than 120 days after the Effective Date, or such other date as agreed by the Bank	POM approved by MEF and no-objection by the Bank is distributed to all entities involved in Program Implementation.
Development of the training module	Environmental and Social		MEF	Other No later than 90	The training module has been developed and submitted to



on environmental and social management including monitoring tools.	Systems				days after the Effective Date, or such other date as agreed by the Bank	the Bank.
Implementation of the developed training sessions on environmental and social management.	Environmental and Social Systems		MEF	Other	No later than 180 days after the Effective Date, or such other date as agreed by the Bank	Trainings have been completed.
Report on environmental and social standards status of pipeline investment projects of the Fes-Meknes region.	Environmental and Social Systems		MEF	Recurrent	Semi-Annually	Report submitted timely with content satisfactory to the Bank.
Appointment of environmental and social focal points among relevant stakeholders: MEF (DAAG, DB, TGR, ADI, DGI, DAGG), MI (DGCT, AREP-FM) and MNTRA (ADD, DRA) as well as all relevant stakeholders in the CPER of the Fes-Meknes region.	Environmental and Social Systems		MEF and stakeholders	Other	No later than 90 days after the Effective Date, or such other date as agreed by the Bank	Focal points are appointed.
E&S technical manual (covering site monitoring tools, responsibilities, methods and frequency of reporting, and application of the manual) approved by the World Bank.	Environmental and Social Systems		MEF	Other	No later than 90 days after the Effective Date, or such other date as agreed by the Bank	E&S technical manual approved as satisfactory by the World Bank.
Electronic waste	Environmental		ADD	Other	Before the	Electronic waste management



management plan adopted (Protocol for declaring end-of-life equipment, census and record keeping, storage procedure; transport procedure, disposal procedure, and valuation procedure) and operational.	and Social Systems				mid-term evaluation of the Program	plan satisfactory to the World Bank adopted and operational.
Appointment of a dedicated environmental and social focal point for the MEF and assignment to the PMU for the duration of the Program.	Environmental and Social Systems		MEF	Other	No later than 90 days after the Effective Date, or such other date as agreed by the Bank	An environmental and social focal point has been identified and appointed by the MEF according to terms of reference agreed with the World Bank.
Assess and Strengthen the existing grievance and mechanism systems.	Environmental and Social Systems		MEF	Other	Within the first year of the Program	Assessment report submitted to the Bank including improvement plan.
Strengthened fiduciary reporting submitted within the prescribed timeframe.	Fiduciary Systems		MEF	Recurrent	Semi-Annually	Fiduciary reports are submitted to the Bank within the prescribed timeframe.
Ensure fully completed program financial statements are submitted by DTFE and shared with IGF within the prescribed timeframe.	Fiduciary Systems		MEF	Recurrent	Yearly	Financial statements are presented to the Bank within the prescribed timeframe.
Implement fiduciary capacity development program including human resources in procurement and financial management execution.	Fiduciary Systems		DAAG/DGCT/ADD	Other	Immediately	Fiduciary capacity development program implemented, particularly at the level of region and the ADD, and remaining entities participating in the Program where implementation lags.



Operationalization of internal audit function within the Fes-Meknes region including development of tools and capacity development activities.	Fiduciary Systems		Fes-Meknes Region/AREP/DGCT/IG AT	Other	No later than 365 days after the Effective Date, or such other date as agreed by the Bank	Internal audit function within the Fes-Meknes regions operationalized to the satisfaction of the World Bank.
Develop and operationalize the mechanism, through issue of Instructions/circular to all procuring entities, requiring the procuring officers to check the eligibility of firms and individuals from the Bank's list of debarred and temporarily suspended.	Fiduciary Systems		MEF/TGR	Due Date	30-Jun-2022	The MEF has instructed ENNAJAA implementing agencies with procurement to check the eligibility of firms and individuals from the Bank's list of debarred and temporarily suspended.
Report compliance to the Bank's list of debarred and temporarily suspended firms as part of Program Audit Report.	Fiduciary Systems		IGF	Recurrent	Yearly	IGF assesses the compliance of winning firms within ENNAJAA implementation against the Bank's list of debarred and temporarily suspended firms.
Develop and implement a capacity-building program aimed at strengthening the financial management, procurement, and M&E skills of staff in the Fes Meknes region.	Fiduciary Systems		DAAG/Fes-Meknes region	Recurrent	Continuous	Capacity building program under implementation to the satisfaction of the World Bank.
Adopting a training curricula and 3-y training action plan on Performance Projects, Regional Budgeting, Gender, Climate budgeting, Procurement.	Technical	DLI 1	MEF	Other	No later than 18 months after Effective date or other dates agreed by	Training action plan and curricula have been submitted to the Bank.



					the Bank	
Adopting Procurement reforms Action Plan based on MAPS.	Technical	DLI 4	MEF	Other	No later than 180 days after MAPS report completion	3-year action plan to improve procurement system performance based on MAPS report satisfactory to the Bank is adopted.
Implementation plan for rolling out e-filing and e-payment for local taxes.	Technical	DLI 6.3	MEF	Due Date	30-Dec-2022	Implementation plan for e-filing and e-payment for local taxes submitted to the Bank.
Validation of the Open Data Readiness Assessment Report and publication of its synthesis by the ADD.	Technical	DLI 8	ADD	Due Date	30-Jun-2022	ODRA report published online by ADD.
Monitor through periodic reports, the effective implementation of the newly approved strategy "2025 ADD NOG."	Fiduciary Systems		ADD	Recurrent	Semi-Annually	Periodic reports submitted timely and to the satisfaction of the World Bank.
ADD training strategy on open data to civil servants.	Technical	DLI 8	ADD	Due Date	30-Jun-2022	ADD training strategy on open data submitted to the Bank.



ANNEX 7. IMPLEMENTATION SUPPORT PLAN

1. The implementation support plan takes account of the Program-specific challenges and risks defined in the risk assessment and highlighted in the assessments carried out for ENNAJAA. Program implementation is the responsibility of the MEF with targeted implementation support and technical assistance from the World Bank.

2. The World Bank’s bi-annual reviews will cover technical and non-technical aspects of the Program, including financial management, implementation arrangements, and environmental and social aspects.

3. The World Bank’s implementation support will consist of:

Time	Focus	Skills Needed	Resources Estimate
First twelve months	Support with baseline data collection and analysis for relevant DLIs	Statistical and analytical skills	4 weeks
	Support with the tax compliance multi-year action plan	Domestic Revenue Mobilization	5 weeks
	Support to the Budget Department on adopting the new standards set by the circulars on climate sensitive budgeting and enhanced performance indicators	Public Financial Management	4 weeks
	Support the establishment of social focal points and the strengthening of associated systems	Social and environmental specialists	4 weeks
	Support the establishment of the program implementation arrangements	Operation specialists	8 weeks
	Administration	Administrative support	4 weeks
12-48 months	Technical review/support	Technical skills in program focus areas	30 weeks
	Support to the Budget department and line ministries on adopting the Management Charter and the performance standards	Public Financial Management	2 weeks
	Support to the tax administration in setting and implementing its risk management analysis unit and operationalizing the new local tax governance framework	Domestic Revenue Mobilization	2 weeks
	Support to the TGR in experimenting the OCDS standards	Public Procurement	2 weeks



	Support to the ADD and DRA on interoperability and Open Data	Digital administration	2 weeks
	Support to the MI and selected regions on three-year investment budget programming and new budget classification	Public Financial Management	2 weeks
	FM and procurement training and monitoring	FM and procurement specialists	14 weeks
	Environmental and social monitoring and reporting	Social and environmental specialists	14 weeks
	Administration	Administrative support	4 weeks
	Support to change management and collaborative Leadership	Technical skills in Governance and Collaborative Leadership	2 weeks